

Table with exchange rates and other financial data. Includes columns for various currencies and their values.

Israelis Act to Stop Disorder, Seize Hundreds of Palestinians

By John Kifner New York Times Service JERUSALEM — The Israeli Army arrested hundreds of Palestinians in sweeps as the government pressed tough measures Wednesday to smother two weeks of disorders in which at least 22 protesters have been shot to death.

Soviet Afghan Offensive Is the Biggest in 2 Years

By David B. Ottaway Washington Post Service WASHINGTON — The Soviet Union has opened its biggest military operation in Afghanistan in two years, with 10,000 Soviet and Afghan troops fighting their way across a mountain road closed for seven years to break a siege by U.S.-armed guerrillas of the long-isolated garrison town of Khost.

Other officials said the Russians, who have had great difficulty in resupplying the Khost garrison by air this year, might have feared that losing the southeastern town to the guerrillas would have been a serious blow to the shaky Soviet-backed Kabul government.

Kiosk

All Are Freed In Rome Hijack

ROME (AP) — A young hijacker of a KLM airliner was seized by security police Wednesday night at Rome's Leonardo da Vinci airport, and all 97 people aboard left the plane unharmed, control tower officials said.



Colonel Oliver L. North, whose lawyer sought a pardon for him from the White House. Page 3.

GENERAL NEWS

- Manila's Christmas, marred by a ferry disaster, is labeled a "national tragedy." Page 2.
Iran resumed loading of oil at its Larak Island terminal after an Iraqi air strike. Page 2.
U.S. budget cuts are expected to have only a minimal impact on the deficit. Page 3.

Durable goods orders in the United States last month were better than expected. Page 9.
Dow close: UP 27.19
The dollar in New York: DM 1.6335 £ 1.2665 ¥ 126.55 5.5275

Troops also surrounded the Amari refugee camp near Ramallah. In a cold, drizzling rain for much of Wednesday, the reinforced army patrols met only scattered incidents of stone throwing.

The resolution "strongly deplors" Israeli policies and practices in the occupied areas that "violate the human rights of the Palestinian people, and in particular the opening of fire by the Israeli Army, resulting in the killing and wounding of defenseless Palestinian civilians."

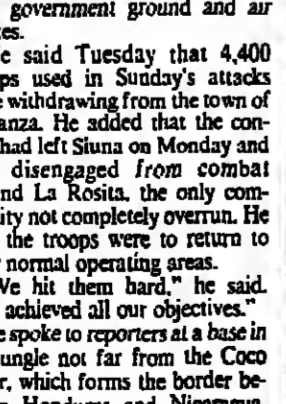
The Palestine Press Service put the number of arrests at about 350, including about 100 in the Gaza Strip. The military command confirmed the arrests were going on, but refused to give any numbers.

Mr. Rabin, since his return from a trip to Washington this week, has been pressing for hard action. Ze'ev Schiff, the military analyst of the daily Ha'aretz, wrote that the policy entails a willingness to make more use of force against rioters.

The strike by the Israeli Arabs appears to have been a shock to many Israelis. Remarkable on the strikes in a speech the other night, Prime Minister Yitzhak Shamir said that "the government was surprised by the force of hatred in disturbances and attacks in cities such as Lod, Jerusalem, Jaffa and Acre."

Contra Chief, Claiming Success, Says Troops Leaving Nicaragua Mine Area

By Wilson Ring Washington Post Service NEAR THE HONDURAS-NICARAGUA BORDER — A Nicaraguan rebel commander said his troops would pull out of a mining area in northeastern Nicaragua after a two-day offensive against three remote towns that he claimed had been the largest and most successful ever mounted by the rebels, who are known as the contras.



The contra leader, Enrique Bermudez, with some of his troops in the jungle on Tuesday, speaking of the attack.

The attack appeared to have been the most ambitious undertaken by the U.S.-backed rebels in their six-year war against the leftist Sandinist government. But the area, about 150 miles (240 kilometers) northeast of Managua, is difficult to reach and there has been no independent confirmation of claims by either side.

Spain's action is the first important unilateral reduction of U.S. forces ordered by a European ally since France closed U.S. installations in 1966 and withdrew from the North Atlantic Treaty Organization. It creates the potential for a bitter and divisive dispute that officials in both countries say they have been successful in avoiding until now.

U.S. officials in Washington are also concerned about the ripple effect the Spanish move could have on U.S. efforts to arrive at new basing agreements in Greece and the Philippines and to resolve disputes with Turkey and Portugal over existing defense accords.

Loss of the three F-16 squadrons, which make up the 401st Tactical Air Wing, is likely to mean the withdrawal of all of the 4,500 U.S. airmen stationed at Torrejon and closure of the base, which is located just west of Madrid. U.S. officials have indicated in the past.

The sudden decision by Mr. Gonzalez to declare the departure of all 72 F-16s from Torrejon air base a "nonnegotiable" issue and to set a withdrawal deadline for them unilaterally was conveyed to the U.S. Embassy on Dec. 10. The decision has been a closely held secret in both countries since then, according to those sources.

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Israeli soldiers in a Bethlehem street on Wednesday.

Madrid Is Said to Tell Washington To Withdraw 72 F-16s in 3 1/2 Years

By Jim Hoagland Washington Post Service MADRID — Prime Minister Felipe Gonzalez has broken off negotiations with the United States over the stationing of three squadrons of U.S. F-16 fighter-bombers in Spain and has told Washington it must withdraw the warplanes within three and a half years, diplomatic sources disclosed Wednesday.

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Dealers Doubt G-7 Statement Will Help Dollar

By Carl Gewirtz International Herald Tribune PARIS — The dollar made modest gains in thin pre-holiday trading Wednesday but foreign exchange dealers were skeptical that Tuesday's policy statement by major industrialized countries would be sufficient to alter the currency's long-term downward trend.

The overnight statement on exchange rates from the Group of Seven — although widely expected following President Ronald Reagan's signing of a bill to cut the federal budget deficit — did have a positive effect in the absence of any sales pressure, dealers said. But they attributed Wednesday's gains to the fact that the market is basically closed for the rest of the year.

In New York, the dollar ended at 1.6335 Deutsche marks, up from Tuesday's close of 1.6280 DM, and it was also higher in London. (Page 13.)

But looking beyond the market's present artificial calm, dealers saw nothing substantially new in the G-7 statement that was likely to reverse the pervasive negative sentiment concerning the outlook for the dollar.

The key phrase of the new accord says officials agree that "excessive fluctuations of exchange rates" — whether up or down, "that becomes destabilizing... could be counterproductive."

There was no specific commitment to action by the Group of Seven, which comprises the United States, Japan, West Germany, Britain, France, Italy and Canada. The statement said that the ministers "re-emphasized their common interest in more stable exchange rates."

Beryl W. Sprinkel, President Ronald Reagan's chief economic adviser, made a point of this on Wednesday, saying that the new statement does not explicitly include a commitment to support the dollar at current levels.

Asked by reporters whether the United States had agreed with its allies to prevent a further decline in the dollar, Mr. Sprinkel said the communiqué "doesn't say that."

to foster stability of exchange rates around current levels. European officials stress that the objective is not to push the dollar up but to keep it from falling further. Tuesday's communiqué specifically noted that either a rise or a fall could be "destabilizing."

But analysts say the new statement in fact represents a considerable watering down of the previous G-7 statement. The new statement says the seven will "cooperate closely in implementing policies to strengthen underlying economic fundamentals to foster stability of exchange rates."

In other words, analysts say, there is now a realization that official stabilization of exchange rates can work only if the rate that is being defended is consistent with improvement in economic fundamentals.

To be credible, the prospect of official intervention in currency markets would have to include a readiness by the United States to raise interest rates. But given the reduced prospects for U.S. growth after the October crash in stock prices and the campaign for the presidential election next November, a hike in U.S. interest rates is widely believed to be out of the question.

One other possibility would be a willingness by the United States to issue foreign currency bonds that would show it was committed to stabilizing rates, but Reagan administration officials in Washington specifically ruled that out.

The basic issue for the dollar is how the huge U.S. current-account deficit will get financed. Current account measures trade in goods and services as well as interest, dividends and certain transfers.

The choices are: voluntarily, as until early this year when foreign investors led by the Japanese were eager purchasers of dollar assets — stocks, bonds, real estate, or involuntarily, as in most of this year, by foreign central-bank intervention in currency markets.

The problem about intervention is that limits exist on how far foreign central banks can go. See G7, Page 13

Interpol Takes It on the Lam — to Lyon

By Barry James International Herald Tribune PARIS — The law's longest arm, the international criminal police organization, is moving from Paris to new high-tech headquarters in Lyon, in southern France.

The 16-nation organization's general secretariat is putting all its records into computers and upgrading its communications in preparation for the move, which is scheduled in about a year.

What this means, according to Antonio Lazzoni, an Italian police inspector who heads the Criminal Investigation Department, is that by the time the secretariat transfers to Lyon, police forces in most parts of the world will be able to retrieve details, mug shots and fingerprints of wanted criminals within a matter of seconds. "Retrieval will be in real time, it will be instantaneous," Mr. Lazzoni said.

With the world's underworld getting richer, more powerful and more international all the time, police needs grow accordingly. Interpol is expanding to meet that need. The present staff of 280, supported by liaison offices around the world, is likely to grow once the organization moves to its new home.

Interpol, founded by the police forces of seven nations in Vienna in 1923, has been based in Paris since the organization was recreated after World War II. France's influence within the organization has waned. The secretariat now includes senior policemen from around the world and works in four principal languages — French, English, Spanish and Arabic.

Officers say they will be sorry to leave their present building in Saint Cloud, with its view across the Bois de Boulogne to the Eiffel Tower.

But the organization makes an uncomfortable neighbor. Terrorists attacked it in May 1986 and security around the building is intense. Municipal authorities in Saint Cloud turned down a request to expand the existing headquarters. Lyon stepped in with an offer of land, an international school and help in relocating staff.

Interpol is best known for the services provided by Mr. Lazzoni's department — the keeping of records on scores of thousands of criminals wanted in any of the member countries. Interpol's red-bordered notices "arrest with a view to extradition" notices serve legally as international warrants. Other notices circulate seeking information on, for example, missing children, unidentified cadavers or stolen works of art.

"We make it possible for policemen to work without frontiers," said Miguel Chamorro, who previously headed the judicial police in Palma de Mallorca. But Interpol has other behind-the-scenes functions, as a research and documentation center. It organizes symposiums on police problems, monitors international terrorism, does research on the links between narcotics and terrorism, pursues counterfeiters to the corners of the earth, follows the financial trail of money-laundering operations, keeps track of art thefts, and, perhaps most importantly, is a global coordination center for the fight against illegal narcotics.



With cash proceeds so enormous they have to be weighed rather than counted, some of the big narcotics syndicates these days have more resources than many national police forces. And more often than not, the major trafficking operations are controlled from continents other than the ones in which the drugs are sold and consumed, making an international response indispensable.

Paul Higdon, head of the secretariat's subdivision on drugs, likened individual forces trying to combat the narcotics trade to someone trying to identify an elephant from its toe. In Europe alone, seizures of cocaine reported to Interpol have increased from a little over 1.1 kilograms (2.5 pounds) in 1970 to more than 1.4 tons this year. Experts anticipate a serious resurgence of heroin addiction because of its availability and relatively low price.

"Only from this perspective can we see the full scope of the problem," said Mr. Higdon, who is at See INTERPOL, Page 6

A U.K. Yule: Squalor and Some Altruism

By Francis X. Clines New York Times Service LONDON — Muttering about misery and a woman, Johnny Connors was drunk anew before noon, oblivious to Christmas caroling after reeling from the darkness of his makeshift cardboard sleeping shelter. He ascended as a burned-out Orpheus from the dwellings that are jerry-built nightly down below the glittering South Bank arts center.

"If it's a misery that hits your heart, then you're destroyed," Mr. Connors declared, refusing to say more about the woman somewhere still troubling him, he said, after each blank night of drink and each receding of time through such conspicuous non-consciousness as Christmas.

His cry, so Dickensian in outrage, hardly slowed the tide of believers moving north along the Oxford Street shopping core where sales are booming, seasonal thieves are being arrested at the rate of 100 a week, and shoplifting is totaling \$900,000 a day.

Charity is well in evidence, although some experts say it is all too seasonal an impulse. "It's almost not worth asking for help the rest of the year," said Stuart Craig, manager of Crisis at Christmas, a charity that each year uses a paid staff of two and 800 volunteers to house thousands of homeless and to raise more than \$700,000.

One twist in seasonal generosity is the new charity for stabilizing trees rather than people because of all the storm damage last fall. As if in compensation, a new shopping service for the affluent, Dial a Christmas Tree, delivers a spruce quickly for as much as \$40, with 30 cents of the price donated to human charity — not the handsome Christmas splurge enjoyed by the Cratchits, perhaps, but a nod of Noel for tax purposes.

Mundane aberrations of the season include the fistfight two fathers suddenly began in the aisle the other night at New End Primary School during their children's Christmas pageant. More prominently, there was the public call from James Anderson, a respected police constable and Christian fundamentalist, that flogging be restored as punishment for criminals. Mr. Anderson is no stranger to controversy, having denounced AIDS sufferers for "swirling around in a cesspool of their own making."

However, Ian McKellen, the actor, is donating See LONDON, Page 6

Handwritten signature: J. P. ...

Roh Says He Will Quit If South Koreans Show Disfavor in Plebiscite

By Clyde Haberman
New York Times Service
SEOUL — President-elect Roh Tae Woo says he will give up the presidency if he loses a public vote of confidence that he has pledged to seek after the 1988 Olympic Games here.

Mr. Roh, who was elected Dec. 16 with barely one-third of the vote, said Tuesday that he would have to win a majority in the plebiscite on his performance, which he presumably plans to hold within the next year or so.

"Of course, if people say no in the vote of confidence, I shall resign," he said in an interview.

Mr. Roh also acknowledged for the first time that some people in his ruling camp had been guilty of campaign misconduct.

But he insisted that the wrongdoing consisted of "partial, isolated irregularities" and not the widespread fraud that opposition candidates say was used to steal victory from them.

If anything, Mr. Roh said, the opposition was guilty of far worse. He said he had been put "at a disadvantage" because of the sporadic violent attacks that he encountered when campaigning in his opponents' regional strongholds.

"If the opposition can come up with evidence of their own to show irregularities," Mr. Roh said, "I think we have more evidence to prove that they have engaged, too, in irregularities."

Mr. Roh was interviewed for 45 minutes in an office near the headquarters of the Democratic Justice Party.

Throughout, he spoke in a soft voice, consistent with his attempts to portray himself as an "ordinary man" who is different from the cool, aloof and unpopular incumbent, Chun Doo Hwan.

In reality, many South Koreans, perhaps most, are likely to regard Mr. Roh initially as an extension of President Chun when he begins his five-year term on Feb. 25. The two men are longtime allies who rose to power together in late 1979 as leaders of an uprising by relatively young army generals.

Mr. Roh, 55, put the vote-of-confidence idea forward in the final days of the campaign to give his candidacy a last-minute boost. On Tuesday, speaking in Korean through an interpreter, he said that

he had no regrets, although the promise could come back to haunt him.

"I have set a goal," he said, "and by doing so, I'm telling myself and people in the party who are around me to work hard to accomplish what has been promised."

On another matter, Mr. Roh said that he could have won the election even if rivals had set aside their differences and united behind a single anti-government coalition.

Combined, the two main opposition candidates, Kim Young Sam and Kim Dae Jung, had 55 percent of the vote. Altogether, including smaller parties, the anti-government forces had 63.4 percent, leaving Mr. Roh with 36.6 percent and the headache of having to establish his legitimacy when he takes over in February.

"If the opposition came up with a single candidate, I expect that a considerable portion of the vote that went to it in a three-way race might have come to my support, and I could win even in that two-way race," he said.

He also said in response to a question that the "overwhelming majority" of South Koreans believe that the two Kims should get out of politics. "I know that from reports in the newspapers and other displays of public opinion," he said.

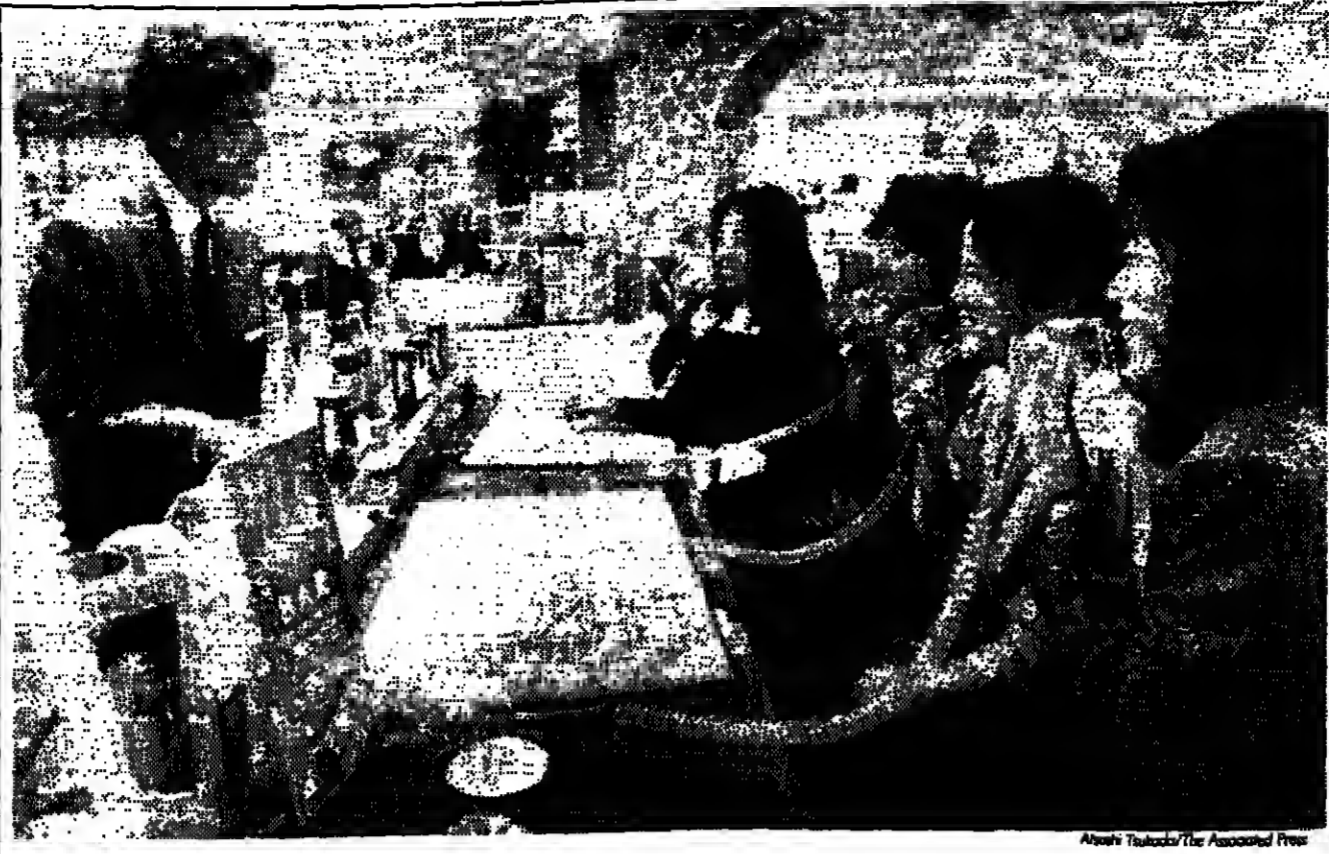
"And I think the two Mr. Kims themselves know how the people feel about that," Mr. Roh added.

It was clear, however, that the two Kims had no intention of retiring, and Kim Young Sam, who finished second last week, said that his party was already preparing for another key test — National Assembly elections that will be held early next year.

In separate interviews Tuesday, Kim Young Sam and Kim Dae Jung seemed dispirited and at a loss about what to do next.

For now, though, the popular mood seems to be to blame them for having let ambition get in the way, thereby splitting the anti-government vote.

Clash in Seoul
Christmas shoppers fled from tear gas and gasoline bombs on Wednesday when students and dissidents protesting against the alleged rigging of the presidential election clashed with riot police in Seoul, Reuters reported.



BREATHTAKERS — Four young women in Tokyo pausing for a three-minute breacer of pure oxygen from mini-containers being sold at a department store bar. The manufacturers say oxygen is a great way to beat fatigue.

National Tragedy Mars Manila Christmas

By Barbara Crosser
New York Times Service
MANILA — The mile or two separating the glittering hotels of Manila from the garbage-strewn North Harbor docks of the Sulphicio Shipping Lines measures the distance between two Filipino nations.

Christmas is a holiday of immense importance in the Philippines, the only predominantly Christian nation in Asia.

Rich or poor, Filipinos head for Manila to spend the holiday with their families.

The well-to-do travel by plane, the poor by inter-island ship.

On Sunday, one of Sulphicio's inter-island passenger ships, the MV Dona Paz, sank in flames with at least 1,500 people on board — survivors say the figure may be much higher than that — after a collision with a small oil tanker. There were only 26 confirmed survivors.

[The Philippine Navy said Wednesday that 141 bodies have been found, The Associated Press reported from Manila.]

President Corason C. Aquino called the accident one of the worst in maritime history, "a national tragedy of harrowing proportions."

She called on the more fortunate to help the families of the Dona Paz victims, most of them poor. "Our sadness is all the more painful because the tragedy struck with the approach of Christmas," Mrs. Aquino said in a statement read by her press secretary.

In the better seafaring neighborhoods of Manila, there are string orchestras, women in pastel gowns and choirs singing carols as this city swings into its peak season.

Wide-bodied jets discharge thousands of revelers home from abroad, bearing electronic toys and other expensive gifts.

Not far from the fancy neighborhoods, along the harbor past some of Asia's worst slums, Rupa Narido waits mutely in her worn housekeeper's clothes at Sulphicio's waterfront office. As she sits under the glare of ocean lights, the only sounds around her are hers. Her sister is missing.

The passengers on the Dona Paz, some of them displaced by a typhoon that swept their islands earlier this month, were looking forward to Christmas in Manila. Here, a Coast Guard official said, they had family, warmth and support. Happiness, maybe even a job.

"We had a telegram saying she was coming on the Dona Paz," a relative said of Narido's missing sister, Consolacion Narido Garcia. "We came two hours on a bus to meet her."

Five Coast Guard ships, two commercial vessels and divers are searching in the area where the 2,215-ton Dona Paz and the 629-

ton tanker, the MT Victor, were reported to have gone down.

A Coast Guard official said on Tuesday that he thought the waters where the search was concentrated might be more than 1,700 feet deep. Clouds and occasional squalls were also hampering search efforts.

Owners File Complaint
The owners of the Philippine ferry that sank filed a formal complaint on Wednesday, saying the tragedy happened because their vessel was rammed by a tanker. Reuters reported from Manila. The Coast Guard said it would open formal hearings on Monday.

Sri Lankan Party Chief Killed in Car Ambush

Compiled by Our Staff From Dispatches

COLOMBO — A gunman shot and killed the chairman of Sri Lanka's ruling United National Party and three members of his staff on Wednesday, police said.

They said Harsha Abeywardene was killed when the gunman fired an automatic rifle and buried a hand grenade at his car in Colombo.

The killer and an accomplice were thought to be from the outlawed Janatha Vimukthi Peramuna (People's Liberation Front), police and party officials said.

The victims, who included Mr. Abeywardene's bodyguard, his driver and a servant, were declared dead on arrival at Colombo General Hospital.

Witnesses said the two men had been waiting about 300 yards (274 meters) from Mr. Abeywardene's house pretending that they were repairing a bicycle tire.

As the party leader's car approached at about 10 A.M., one of them took a rifle that was hidden in a wooden box and opened fire, police said.

The gunman then tossed a hand grenade into the car, destroying it and scattering parts across the street, police said. The gunman and his accomplice escaped on foot.

The Front is composed largely of young Sinhalese who oppose the Indian-Sri Lankan agreement to end the Tamil minority rebellion. Police say it has killed about 265 officials or supporters of the ruling party since the pact was signed in July.

Mr. Abeywardene was re-elected chairman of the party at its annual convention on Saturday.

President Junius R. Jayewardene, the designated leader of the party, told the convention that the police had conclusive proof that the Front was responsible for an assassination attempt on him and other government members in Parliament in August.

A deputy minister and a Parliament official were killed and six cabinet ministers wounded in that attack.

The Front has also been held responsible for the killing of Police Superintendent Terence Perera, who was in charge of investigations into its activities.

Mr. Jayewardene, in a two-day foray last weekend to the rebels' stronghold in the southern cities of Hambantota, Matara and Galle, described the killers as brutes and promised to wipe out the "southern terrorist movement" within two weeks.

Mr. Abeywardene, who was the party's general secretary for several years, was first elected chairman in 1984. (Reuters, UPI)

Iran Facility Pumping Oil After Attack

Reuters

DUBAI, United Arab Emirates — A giant storage tanker at Iran's Larak Island oil terminal was operating normally on Wednesday despite fire that engulfed its crew quarters following an Iraqi air attack, shipping sources said.

They said pumps aboard the 411,588-ton World Petrobras had resumed passing oil to a waiting foreign tanker at the terminal at the mouth of the Gulf.

Meanwhile, Iran attacked a Norwegian oil tanker with rockets and set it ablaze in the southern Gulf off Dubai on Wednesday, shipping sources said. They said the 283,400-ton Berge Big was hit by seven rockets.

The attack appeared to be in retaliation for the Iraqi air strike Tuesday on Larak Island.

The sources said two other supertankers hit by the Iraqi attack, the world's biggest ship, the 564,739-ton Liberian-flag Seawise Giant, and the 457,927-ton British vessel Burmah Enterprise, were only slightly damaged.

Shipping sources had earlier named the tankers attacked as the World Petrobras, the Seawise Giant, the Burmah Enterprise and the Maltese-flag Free Enterprise.

The sources said the confusion occurred because two of the ships were moored alongside the World Petrobras, which burned for nine hours before tugs extinguished the flames.

The Iraqi Mirage jets flew the 550-mile (890-kilometer) length of the Gulf to attack on Tuesday.

Meanwhile, President Francois Mitterrand of France, interviewed Wednesday on the bridge of the aircraft carrier Clemenceau in the Red Sea, ruled out any quick withdrawal of a French naval task force from the Gulf region.

He was responding to suggestions that France would reduce its naval presence due to a warming of ties with Iran that led to the release of two French hostages in Beirut.

"The task force's mission is not over," Mr. Mitterrand said.

WORLD BRIEFS

Panama Sentences Critic of Noriega

PANAMA CITY (AP) — A former army chief of staff, whose accusations against General Manuel Antonio Noriega, Panama's military leader, set off weeks of protests, was sentenced to five years' imprisonment for crimes against state security, a court official said Wednesday.

Colonel Roberto Diaz Herrera has been in custody since July 27. Abelardo Castillo, a court secretary, said the colonel was convicted of attempts against the internal security of the state.

In June, Colonel Diaz Herrera charged publicly that General Noriega had been involved in illicit activities ranging from drug trafficking to money laundering to election fraud and the assassination of political opponents.

2 Syrian Soldiers Are Killed in Beirut

BEIRUT (UPI) — Two Syrian soldiers, part of a 7,000-man force deployed in West Beirut, were found shot and killed Wednesday in a residential area in the city's predominantly Moslem sector, security sources said.

Syrian troops surrounded the area and questioned residents, the sources said. At least four other members of the Syrian force have been killed. The troops were deployed in February to end street battles between rival militias.

A group calling itself the Liberation Battalion has claimed responsibility for a series of hit-and-run attacks on the Syrians.

China Jails 26 for Selling Panda Fur

BEIJING (AP) — A court sentenced 26 men to prison sentences ranging from two years to life for hunting rare giant pandas and trafficking in their skins, the official Xinhua press agency reported Wednesday.

The defendants killed six pandas and tried to sell 20 panda skins over several years, the report said. One was caught trying to sell the fur of a baby panda he killed in December 1985 and received a life sentence, it added. Another sold several furs, including one for 12,000 yuan (\$3,200) and was given a 15-year term.

Xinhua said the sentences were handed down Sunday in Chengde, the capital of Sichuan Province, which is the home of most giant pandas still living in the wild. They have become an endangered species because of their low fertility rate, a shortage of the wild bamboo that they feed on, and human predators.

Ulster Moderates Decry IRA Killing

BELFAST (AP) — Catholic moderates Wednesday decried the bombing murder of a leading Protestant activist, John McMichael, saying he could have played a role in bringing peace to the province.

Mr. McMichael, 39, was fatally wounded Tuesday night when he turned on the ignition of his car and detonated a bomb, the police said. The IRA claimed responsibility. It said Mr. McMichael was plotting a Christmas bombing campaign in the Irish Republic.

The moderate Social Democratic and Labor Party, which is mostly Catholic and opposes the IRA, denounced the killing.

Black Mob Kills 4 in Natal Township

JOHANNESBURG (Reuters) — A mob burned and stabbed four persons to death in a Natal township amid signs that feuding between rival black political groups in South Africa was intensifying.

A police spokesman in Pietermaritzburg, Natal Province's capital, said a crowd of about 50 people killed two women and two teen-age boys Tuesday after raiding a house in Henley Dam township. He said the group poured gasoline over the victims and set them alight. When two tried to flee, they were stabbed to death. Another woman was in serious condition.

The victims apparently were allied to the conservative Inkatha movement of Zulus, which is in conflict with the leftist United Democratic Front. The two groups disagree over anti-apartheid strategies.

Engine Mounts on 737s to Be Checked

WASHINGTON (AP) — Federal aviation investigators have urged closer inspection of engine mounts on hundreds of Boeing 737 aircraft to detect possible cracking after an engine fell off a US Air jet during flight earlier this month.

The National Transportation Safety Board said Tuesday that the engine separated from the plane shortly after it left the Philadelphia airport because of cracking caused by metal fatigue in one of the three bolts holding the engine in place. The plane returned to Philadelphia and made a safe landing. The board expressed concern, however, that the cracking, which investigators said existed before the incident, had not been detected. Boeing has delivered about 1,100 of the Boeing 737s worldwide.

Air travelers can find out how flights compare in on-time performance if they ask their reservationist, under a U.S. program that took effect Tuesday. Travel agents and reservation clerks have performance data about flights in their computerized reservation systems. (AP)

Athens Christmas shoppers faced problems Wednesday as more than 17,000 taxi drivers started a 48-hour strike and streetcar operators staged a five-hour stoppage. The cab drivers are protesting pollution control measures that will curtail taxi traffic in heart of the city. (AP)

The Italian airline Alitalia and its subsidiary AT1 said Wednesday they would cancel about 50 flights a day for the next two weeks because of lengthy strike action had delayed essential maintenance work on their aircraft. (Reuters)

Spanish rail workers staged a series of stoppages Wednesday to protest job cuts. A spokesman for the railroad said only about 20 percent of workers heeded the call to strike for three hours in each shift. But a spokesman for the union said about 75 percent stopped work. A similar strike was held Friday and another is planned for Jan. 8. (Reuters)

Lack of snow in Swiss alpine resorts has forced many ski lifts to close, and only slopes above the tree line are fit to ski on, the Swiss national tourism office said Wednesday. (Reuters)

Correction

The dollar's close against the Deutsche mark in New York was misstated in the currency markets story in Wednesday's late edition. The correct rate was 1.6280 DM.

Chirac Made Arms Sales To Iran, Paper Asserts

By Youssef M. Ibrahim
New York Times Service
PARIS — France's arms deals with Iran, which began in 1983 under President Francois Mitterrand, continued as late as this summer under his political rival, Prime Minister Jacques Chirac, French newspapers have reported.

Several weeks ago, conservative parties accused Mr. Mitterrand's Socialists, who controlled the cabinet until 1986, of selling arms to Iran.

The Socialists answered by suggesting that Mr. Chirac had compromised French foreign policy to obtain the release last month of two French hostages — by paying a ransom to pro-Iranian terrorists and by agreeing to withdraw French naval units from the Gulf.

Mr. Chirac denied last week that any ransom had been paid or arms delivered to win the hostages' release, and he declared that France would not withdraw its fleet from the Gulf.

But Le Monde said Tuesday that Mr. Chirac's conservative government, which just indicted three men for conspiring to break France's embargo and export weapons to Iran from 1983 to 1986, had continued the sale of munitions and explosives to Iran.

The report that the arms sales continued under Mr. Chirac was portrayed by his administration as a politically inspired attack. The Defense Ministry denied Tuesday

that any arms exports to Iran were authorized by the government of Mr. Chirac after his election in March 1986.

Oil industry officials and news reports suggested over the weekend that France might reward Algeria for having helped gain the release of the hostages.

Le Monde asserted that Mr. Chirac was willing to pay a higher price for Algerian gas "to settle the debt to the Algerian authorities."

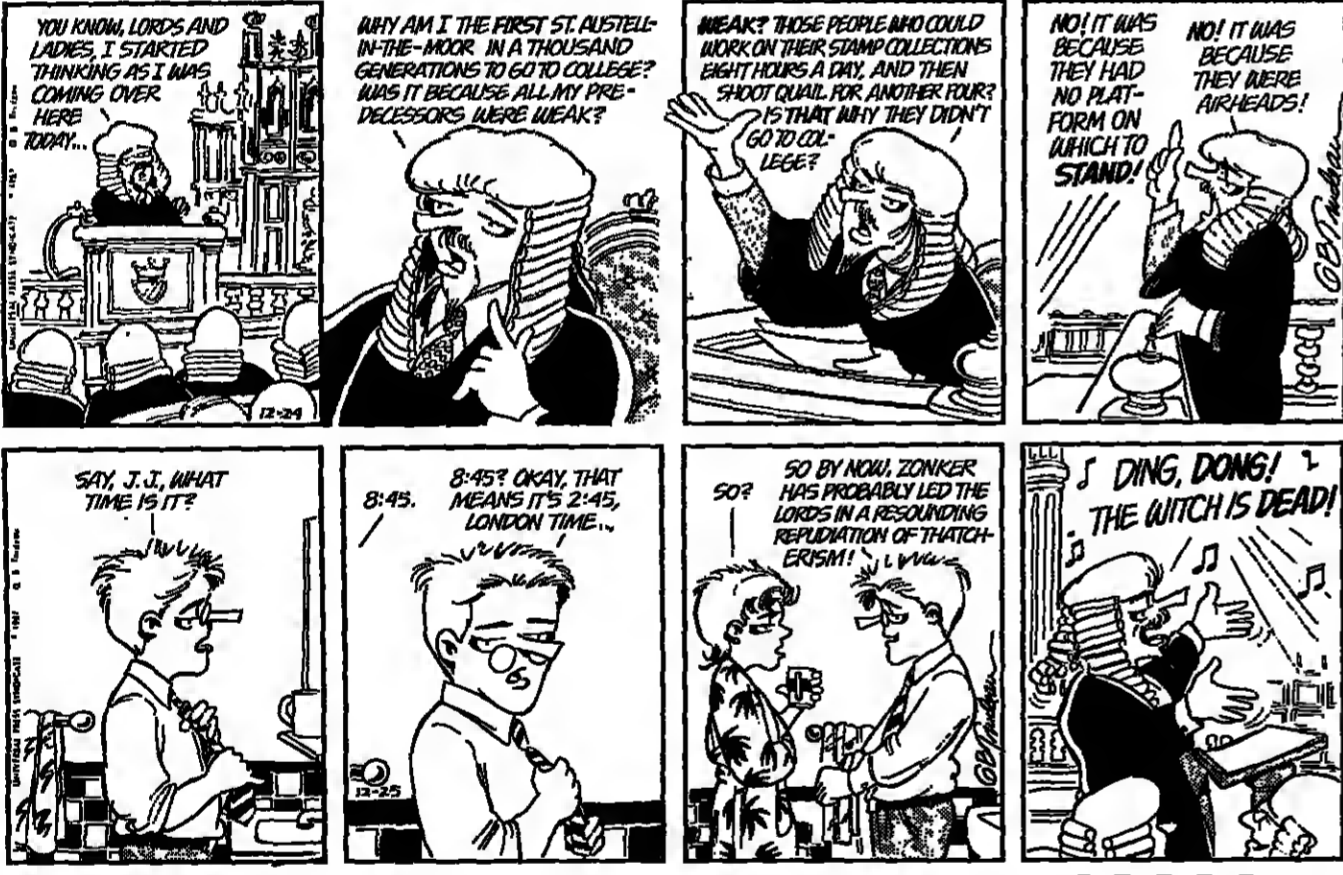
Le Monde contended that the additional payments would cost France an extra \$113 million.

Montand Got Fee
Yves Montand, the French actor and singer, said Wednesday that he received a 800,000 franc (\$145,500) fee for a television appearance during which he ended months of speculation by denying that he intended to run in April's presidential elections. Agence France-Presse reported from Paris.

Mr. Montand, 66, who has campaigned for leftist causes for years, said he had "no reason to be ashamed" over the contract negotiated by his agent for his appearance Saturday night on a prime-time political program.

The size of the fee and tussles over the terms of the contract were published Wednesday in the satirical weekly Le Canard Enchaîné, which quoted a recent remark by the actor that "if I say something, I don't do it for money or glory."

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Mitterrand Assails Jailing of Kanak

PARIS — President Francois Mitterrand said Wednesday that the arrest of a New Caledonian Kanak separatist leader aggravated problems in the Pacific territory.

In a television interview from a French aircraft carrier off the coast of Djibouti, Mr. Mitterrand criticized the arrest, saying it was France's duty to encourage dialogue in New Caledonia between indigenous dissidents and pro-French white settlers.

Yeiwene Yeiwene, deputy leader of the Kanak Socialist National Liberation Front, was taken to jail on Tuesday pending trial for calling on Kanaks to arm and defend themselves against violence.

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Henry H. Strater, 91, American Portrait Painter

Henry H. Strater, 91, an American portrait painter, died Tuesday...
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هكتا من النور

North's Lawyer Sought Reagan Pardon

By Walter Pincus
Washington Post Service
WASHINGTON — Last January, in the early stages of the Iran-contra investigations, the attorney for Lieutenant Colonel Oliver L. North, the former White House aide, sought a presidential pardon for his client during a previously undisclosed White House meeting.

The meeting was with David M. Abshire, who was then special counsel to the president coordinating Iran-contra strategy for the White House.

Colonel North's lawyer, Brendan V. Sullivan Jr., was granted the meeting after a Jan. 16, 1987, telephone call from Mr. Sullivan to Attorney General Edwin Meese 3d. The call was taken by Associate Attorney General Stephen S. Trost, and Mr. Sullivan told Mr. Trost he wanted to meet privately with President Ronald Reagan.

Mr. Sullivan refused to specify what he wanted to discuss with Mr. Reagan. Several days later the lawyer was received by Mr. Abshire, according to former White House aides and to still secret testimony before the congressional Iran-contra committees.

Mr. Abshire said Tuesday that the thrust of the presentation by Mr. Sullivan was that Colonel North deserved a pardon because he was "a man trying to do his duty, serving the president."

Mr. Sullivan, according to Mr. Abshire, also said during the meeting that "this thing could drag on" and he "may have also mentioned" that a pardon would permit Colonel North to testify freely before Congress.

At that time, the independent counsel, Lawrence E. Walsh, was just beginning his criminal investigation, the congressional Iran-contra committees were organizing and preparing for public hearings, and Colonel North had already invoked his Fifth Amendment right not to testify before three congressional committees on the ground that he might incriminate himself.

Mr. Reagan's strategy at that time was to get Colonel North and his former superior at the National Security Council, Rear Admiral John M. Poindexter, to tell their stories before Congress under grants of limited immunity, Peter Wallison, then the White House counsel, said Tuesday. However, Mr. Walsh had formally requested the Iran-contra committees to delay granting immunity to any witnesses.

Mr. Abshire said Mr. Sullivan was told that "no consideration was being given" to pardons, but that "what he said would be passed on." Also attending the meeting were Mr. Abshire's deputy, Charles Brower, and an assistant to Mr. Wallison.

Mr. Wallison said Tuesday that he was taken on Mr. Sullivan's request.

Administration officials ac-

knowledgeed that the handling of Mr. Sullivan's request for a meeting reflected their nervousness about Colonel North's lawyer and the difficulties he and his client might cause for Mr. Reagan.

In a deposition given the Iran-contra committees on July 2, 1987, Mr. Trost said he took the Jan. 16, 1987, call that Mr. Sullivan originally had made to Mr. Meese. Mr. Sullivan "wanted to get through to Reagan," Mr. Trost said, according to sources who have read Mr. Trost's deposition.

After consultations, Mr. Trost told Mr. Sullivan that he should get in touch with Mr. Abshire, who had been appointed counselor to Mr. Reagan on Dec. 27, specifically to handle the Iran-contra affair.

Mr. Abshire said Tuesday that there was "nothing inappropriate" about Mr. Sullivan's request, but that he did not want to "be a channel for lawyers."

Mr. Wallison said the White House was worried about such approaches and "didn't want to have any discussion of pardons or any

other special treatment for North and Poindexter." If such a request were made, Mr. Wallison said, Mr. Abshire was "to listen to the proposal without making any statement about whether it would be considered."

Mr. Abshire said that Mr. Sullivan "simply was making his case for his client. I didn't go beyond that brief. I am not the president" and thus could not turn down the request, but only outlined "the process being pursued" in support investigations by others.



SUBMERGED CAR — Jack Feinerman, 85, seated at right with his wife Judy, being comforted by friends as he contemplates his car. He lost control of the vehicle and drove it into a swimming pool at a condominium at Boca Raton, Florida, killing a man lounging at poolside. Mr. Feinerman was charged by police with reckless driving.

Effects of Budget Cuts Appear Minimal

By Paul Blustein
Washington Post Service
WASHINGTON — The spending and tax bills signed by President Ronald Reagan will not actually shrink the U.S. budget deficit from this year's level, budget experts said, but rather will only keep the deficit from significantly widening.

Moreover, some of the savings said to be part of the legislation that was signed on Tuesday — such as provisions that simply shift spending into the future — have minimal effects on the nation's long-run fiscal woes.

Genuine savings were enacted, however, and the fact that the White House and Congress finally moved forward with their budget agreement will reduce the risk of disaster in financial markets, economists said. In addition, the outcome pleases America's trading partners, making them more likely to cooperate with the United States in keeping the world economy growing, according to administration officials.

That, in short, is the economic impact of the two pieces of budget and tax legislation that lawmakers spent the past eight days drafting and nearly all night Monday approving.

The first thing to understand about the measures, budget experts said, is that they do not cut the deficit, at least not in the way that most people think. The federal deficit was \$148 billion in the 1987 fiscal year, which ended Sept. 30.

If the economy grows sluggishly next year, as many economists expect, the deficit will probably widen to between \$160 billion and \$170 billion in the next fiscal year, and further the year after, according to budget analysts in the administration, Congress and outside government.

But such an outcome represents a meaningful accomplishment in that the deficit has been cut from the levels that it would otherwise reach.

"Without this, we're looking at deficits jumping back to \$200 billion a year," said Carol Cox, president of the Committee for a Responsible Federal Budget, a group of prominent citizens and former government officials.

Mrs. Cox and others agreed that most of the tax increases contained in the package will raise revenue close to the amounts claimed — about \$9 billion in fiscal 1988 and \$14 billion in fiscal 1989.

Moreover, Congress achieved some restraint in two fast-growing areas of the budget — farm subsidies and Medicare, the health program for

loans. This brings immediate revenue into federal coffers, but means that the government forgoes even more money later.

To Wall Street and financial markets overseas, the legislation, despite its flaws, provides modest comfort.

"If they hadn't done it, there would have been a severe reaction," said Stephen Axilrod, vice chairman of Nikko Securities Co. International.

David Resler, chief economist at Nomura Securities International Inc., said: "The broad outlines of the package are pretty much as advertised."

An administration official said that the value to the markets and the nation is primarily symbolic, because "it's important to indicate that the executive branch and Congress can work together."

Perhaps even more significant, this official said, is the potential impact on U.S. trading partners, especially Japan and West Germany. Allied governments have cited the U.S. budget deficit as a major cause of world trading imbalances.

The United States, in turn, wants Bonn and Tokyo to adopt measures to absorb more imports. One administration official asked "where's our negotiating stance?" without the implementation of the budget agreement.

"What do we say to our trading partners?"

Some analysts said Mr. Reagan's signature on a tax increase could have another sort of symbolic impact — improving the political climate for a major tax increase when his successor takes office.

But others contended that the tax increase is so modest that the politics of the issue have not changed. William Schneider, political analyst at the American Enterprise Institute, said: "Secretary deficit reduction has been put off until the next administration."

NEWS ANALYSIS

the elderly. A Senate Republican staffer, noting that actual cuts were made in the target prices for commodities used to determine subsidy payments, said, "I'm amazed we pulled that one off."

But there are several questionable savings, especially in domestic spending accounts, sprinkled throughout the package. The legislation purports to shrink the projected deficit by \$33.2 billion in fiscal 1988 and \$45.8 billion in fiscal 1989. Of that two-year, \$79 billion total in promised savings, about \$1.1 billion is achieved by delaying Medicare payments to doctors and hospitals, so that some of the cost is simply deferred.

Another \$500 million comes from allowing federal retirees to spread benefits over two years — again, deferring expenses. Another \$500 million comes from a tenuous promise by the Postal Service to improve productivity.

Of all the questionable savings, the biggest is a provision promising to cut more than \$7 billion in fiscal 1988 spending by allowing certain entities that have borrowed from the government, including the state of Israel and rural electrification cooperatives, to prepay their

FBI Memo Says Nixon Aide Requested Information on Homosexuals in Press

By Eleanor Randolph
Washington Post Service
WASHINGTON — In November 1970, President Richard Nixon's chief of staff, H.R. Haldeman, asked the FBI director, J. Edgar Hoover, to pass on any information the agency had collected about homosexuals "known and suspected in the Washington press corps," according to a newly discovered memo of the conversation that Mr. Hoover made at the time.

Mr. Hoover addressed the memo to his five assistants.

Mr. Sullivan, according to Mr. Abshire, also said during the meeting that "this thing could drag on" and he "may have also mentioned" that a pardon would permit Colonel North to testify freely before Congress.

At that time, the independent counsel, Lawrence E. Walsh, was just beginning his criminal investigation, the congressional Iran-contra committees were organizing and preparing for public hearings, and Colonel North had already invoked his Fifth Amendment right not to testify before three congressional committees on the ground that he might incriminate himself.

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Mr. Wallison said Tuesday that he was taken on Mr. Sullivan's request.

Administration officials ac-

ought to be able to send it over certainly not later than Friday," the memo said.

The document was found by a California researcher, Robert Ranftel, among the files now available to the public in the FBI's Freedom of Information and Privacy Act reading room in Washington. It is dated Nov. 25, 1970.

Mr. Ranftel said that he and another researcher in New York, Peter Krass, had requested information that might have been passed along by the FBI to the White House on Friday, Nov. 27, 1970.

The FBI told them that Mr. Hoover's copy of whatever material went to the White House had been destroyed, Mr. Ranftel said. They are now asking for the description of the documents that were destroyed and for documents from the files of other FBI officials that could be related to the memo.

Mr. Haldeman, contacted in California where he is now running several small businesses, said he does not remember making the telephone call to Mr. Hoover or any response.

"It rings on bells at all," Mr. Haldeman said.

Charles D. Brennan, one of the assistant FBI directors to whom the

memo was addressed, said he has no recollection of the memo. "It was 17 years ago," he said.

Others familiar with Mr. Hoover's procedures said it was his practice to make a record of every contact with the White House.

"I have no doubt that it's a dependable rendition of what happened," said David J. Garrow, who won a Pulitzer prize in April for a nonfiction book on the Reverend Martin Luther King Jr.

"As a regular matter, whenever he would have a phone request from the White House, he dictated one of these memos," Mr. Garrow said.

Why a Top-Level U.S. Government Job Is Great — Even at One-Fifth the Pay

By Gerald M. Boyd
New York Times Service
WASHINGTON — A recent financial disclosure form submitted by Frank C. Carlucci, President Ronald Reagan's new secretary of defense, raises a question about some of Washington's top bureaucrats that, on the surface, seems baffling.

Why would a business executive drawing a salary of almost \$400,000 a year, as Mr. Carlucci was, go to work for the government at about one-fifth that amount?

Although the question can be answered in many ways, current and former government officials say the essential explanation is the same.

"The big difference is that you have an opportunity to bring your personal views to bear on the governmental process," said Frank J. Donatelli, Mr. Reagan's top assistant for political and intergovernmental affairs. "That's an attraction. That's a big attraction."

Mr. Donatelli worked in the White House for about a year as a deputy assistant for public liaison, then left in 1985 to join a Washington law firm. Two years later he

was back among the select group of senior White House aides performing a new task for the president.

Such a pattern is typical. When Patrick J. Buchanan gave up a high-profile job as a newspaper columnist and television commentator to become White House communications director at the beginning of Mr. Reagan's second term, White House insiders wondered what had induced him to give up an annual salary of \$400,000 to return to public service.

Mr. Buchanan had been out of government since working as a speech writer in the Nixon and Ford administrations. He has now returned again to private life, working as a columnist and television commentator and writing a book.

"The White House is the greatest place in the world to work, if you have spent your life writing about issues, politics and policies," Mr. Buchanan said. "It has a special intoxication of its own."

"You read that people go there for the power, but they don't. It's being on the inside when the decisions are made."

John H. Trattner, a press spokes-

man for the State Department in the Carter administration, says senior appointed officials frequently complain of the sudden end to their ability to influence public policy once they enter private life.

"It is difficult because many of them felt they were contributing something more than in the private sector," Mr. Trattner said.

In addition to all the lofty reasons for serving in a high-level government post, there are other, more mundane reasons, said Peter J. Wallison, the Treasury Department's general counsel in Mr. Reagan's first term and later counsel to the president. He now is a member of a Washington law firm.

"You are on the outside reading the newspaper and you say to yourself, if you would have been there and knew the facts, the decision you would have made would have been far better," Mr. Wallison said.

"That is appealing to a large number of people," he said.

Another generally accepted explanation is the ability to use high-level government positions as springboards to top salaries in private industry. Mr. Carlucci, for example, held several top government jobs before becoming the chairman of Sears World Trade Inc.

According to his financial disclosure statement, he received a salary of \$385,794 in that capacity in 1986, plus \$63,000 in directors' fees from other corporations and a termination settlement of \$735,722 from Sears. His annual salary as defense secretary is \$80,100.

However, some former officials, like Michael J. Horowitz, a counsel for the Office of Management and Budget earlier in the Reagan administration, draw a distinction between short- and long-term financial prospects for senior aides.

"In terms of long-term job offers, it's a sophisticated market," he said. "Anybody who goes into government with an eye toward collecting a lot of money afterward usually has those ambitions thwarted."

Daisuke Yamauchi Dies; Headed Japanese Daily

The Associated Press
TOKYO — Daisuke Yamauchi, 62, president of the Japanese daily newspaper Mainichi Shimbun, died of liver failure on Tuesday.

Mr. Yamauchi, a native of Fukuoka Prefecture in western Japan, joined the Mainichi in 1949 following his graduation from the University of Tokyo.

He worked as chief of the newspaper's New York bureau for two years from 1962 and later as managing director both in the Tokyo head office and in the paper's Osaka office. He became company president in 1980.

The Mainichi, Japan's third-largest newspaper, has a daily circulation of 6.3 million.

Henry H. Strater, 91, American Portrait Painter
PALM BEACH, Florida (AP) — Henry H. Strater, 91, a portrait painter who befriended Ernest Hemingway after they fought an impromptu boxing match on a Paris street corner in the 1920s, died here Tuesday.

Mr. Strater illustrated Ezra Pound's book of poems, "Cantos,"

and was the inspiration for the character Burne Halliday in Fitzgerald's novel "This Side of Paradise." He became a friend of Hemingway's after the two fought on a Paris street.

"I had boxed in school, and I think I impressed Hemingway with my punch," Mr. Strater once recalled. "That's the only way you could impress him."

Ralph Nelson, 71, Movie and TV Director
SANTA MONICA (AP) — Ralph Nelson, 71, the movie and television director, died Monday of cancer.

Mr. Nelson, who won an Emmy for the TV version of "Requiem for a Heavyweight" and an Oscar nomination for the movie, "Lilies of the Field," directed over 1,000 television shows, beginning in the early days of the medium when performances were live.

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Herald Tribune

The Troubling Dollar

Has the dollar fallen too far, or not far enough? Governments of the Group of Seven countries say they want to stop it from declining further...

A Mirror-Image in Brazil

Both of the world's biggest debtors know that they have to reduce their national budget deficits. But, for very similar reasons of domestic politics, neither is making much progress...

The Weinberger Legacy

Caspar Weinberger spent more and supervised less than any other U.S. secretary of defense. His successor, Frank Carlucci, is reaping the fruit of this indiscipline.

An Explanation Is Owed

The navy brass owe an explanation. After almost three months of grilling and polygraphing the one suspect it knew to be guilty, the Naval Investigative Service appears satisfied that marine security guards at the U.S. Embassy in Moscow didn't give away the store to Soviet spies...

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OPINION

Reagan's Leaving the World to Gorbachev

By Hugh De Santis

WASHINGTON — President Ronald Reagan was justified in declaring the recent superpower summit meeting a success: Three days of talks with Mikhail Gorbachev resulted in the signing of the first nuclear arms reduction agreement...

that regional and human rights issues did not impede progress toward renewed détente. Mr. Reagan, in an even more striking departure, delinked them from the arms talks. The Soviet relationship is, and long has been, the key item on the U.S. foreign policy agenda. But it should not obscure the importance of regional ties that can also have major consequences for U.S. interests.

their own political powder kegs, and while Mr. Reagan's policy is not likely to reduce Soviet influence in the region, he could facilitate its spread.

The real time bomb in Latin America is the massive indebtedness. Witness Mexico's recent devaluation of the peso. The Bank of Boston's decision to write off \$200 million of its loans in the region has met criticism from other U.S. banks, but their reaction is myopic. What makes American bankers believe that Third World nations can continue to produce and export goods mainly to service their debt without provoking social upheavals? Meanwhile, the Soviet foreign minister, Eduard Shevardnadze, has scored points in Mexico, Argentina and Brazil by leading a sympathetic ear, even though he had nothing tangible to offer.

The Soviet Union has little to offer the newly industrialized countries of the Pacific Rim, either. But it has been quick to exploit opportunities created by U.S. protectionism. For example, Soviet markets to textiles and sugar from Thailand. Moreover, the nations of Southeast Asia know that Moscow is Vietnam's paymaster and, along with China, the key to the peaceful resolution of the region's problems.

As part of Mr. Gorbachev's "new thinking," the Soviets have resorted to the velvet glove in Asia, not the iron fist. While Moscow is increasing its economic and military assistance to North Korea, it is offering to reduce superpower arsenals in the Pacific and appealing to anti-nuclear sentiment throughout the region. Unlike the Soviet Union, the United States refused to sign a treaty to create a nuclear free zone in the South Pacific, lest it have adverse consequences for NATO.

In the Philippines, U.S. support for the corrupt government of Ferdinand Marcos contributed to emerging nationalism, which jeopardizes the U.S. presence at the Clark and Subic Bay military bases. And President Corason Aquino has not been the dawn as the White House had hoped. Her inability to proceed with political and economic reforms has led to growing public support for the communist insurgency, which Moscow is materially abetting. Throwing money at a military she does not control...

Washington has also been slow to respond to national and cultural trends in the Middle East. U.S. policy in that region is shaped mainly by the administration's pro-Israel stance and its preoccupation with the Soviet Union, without adequately taking into account the rising tide of Islamic fundamentalism. Mr. Reagan has launched an effective anti-terrorism campaign, but terrorism is a vile symptom of a pervasive cultural revolution.

The short-sighted Middle East policies pursued in Lebanon, Libya and now the Gulf since the laudable but short-lived peace plan in 1982 have stimulated further fundamentalist violence and forced moderate Arab governments to distance themselves from Washington. Moreover, U.S. policy in the Gulf has provided a political windfall to the Soviet Union, which is carving out a position as a power broker in the Iran-Iraq war.

Moscow may also benefit from the Reagan administration's militant anti-Sovietism in southern Africa. Its approach to problems there has precluded mediation of the conflict in Angola and progress toward a settlement in Namibia. While economic sanctions are unlikely to cause South Africa to alter its policy of apartheid, military support for the National Union for the Total Independence of Angola, the termination of aid to Zimbabwe and the refusal to offer economic assistance to Mozambique have further alienated black Africans and eroded U.S. influence, while Soviet influence has increased in Angola, and Prime Minister Robert Mugabe of Zimbabwe has sought economic help from Moscow.

Thus far the administration's failure to devise policies that deal more effectively with the complexity of problems the United States faces around the world has not resulted in a major foreign policy defeat. Ronald Reagan has been lucky. But his successor may not be as fortunate. He may have to preside over the unraveling of U.S. global influence. In addition to arms reductions, this unhappy prospect may be the other legacy Mr. Reagan leaves the American public.

The writer, senior associate at the Carnegie Endowment for International Peace, was on the State Department's policy planning staff under the Carter and, for a while, the Reagan administrations. He contributed this comment to the International Herald Tribune.

Philippines: Democracy Threatened

By Diane Orentlicher

NEW YORK — The Aug. 28 coup attempt against the government of Corason Aquino — its leader, Colonel Gregorio Honasan, was captured only last week — shattered the U.S. government's complacency toward the Philippines. But Washington has yet to come to terms with the threat to democracy there.

Following the attempted push, the question, "Can she make it?" dominated the policy debate in America. Yet to many Filipinos, the United States' preoccupation with the prospect of more such attempts seems somewhat beside the point. The real question is how President Aquino can regain the authority that she has lost.

Though riven by internal divisions, the military has largely redefined the terms of the nation's human rights debate; the commitment to protecting citizens from military abuses — once the hallmark of the Aquino administration — has all but vanished from its public agenda. When the military invokes "human rights," it refers almost invariably to violence of the Communist New People's Army, and the government's Human Rights Commission has shifted its focus to the New People's Army's actions. Meanwhile, the military has sought to persuade the public that its own human rights violations are only an unfortunate but inevitable byproduct of counterinsurgency operations.

The military, like some right-wing politicians, has also sought to neutralize independent human rights monitors by labeling as Communists those who report on military abuses and defend human rights. Attorneys affiliated with the Free Legal Assistance Group, a national organization of lawyers who defend human rights, have lately fallen victim to this campaign. One lawyer, Bernadette Encinara, has received numerous death threats from paramilitary groups in the province of Misamis Occidental that are armed and supported by the military. Despite her position as acting mayor of the town of Tadaia, Mrs. Encinara now lives under virtual siege, unable to leave her home. Perhaps the most dangerous of the

A Call for a New Marshall Plan

The United States has a major interest in assisting the Philippine government meet the serious challenges now confronting it. There is far more at stake than just continued access to military bases at Subic Bay and Clark Air Field, as important as those bases may be.

At stake in the Philippines is a far more important principle: that peaceful democratic change can succeed in the Third World. The People Power revolution of February 1986 was an inspiration to others yearning for democracy across the world. The failure of the revolution would be a crushing blow to untold millions who seek democracy in their own countries. The problems in the Philippines are well known. The economy, ravaged by the crony capitalism of the Marcos years, is staggering under a \$29 billion foreign debt. In 1986, the Philippines paid over \$1 billion more in debt service to foreign creditors than it received in new assistance. In a country where almost 70 percent of the people live below the poverty line and per capita income is less than \$2 a day, this net transfer of capital out of the country is a significant impediment to a sustained economic recovery. Unless the promise of democracy can be translated into tangible improvement in the lives of Filipino people, the future of democracy will be in jeopardy.

We believe, therefore, that the time has come for the United States and the rest of the international donor community to act. We urge you to take the lead in putting together a multinational, multiyear "Marshall Plan" for the Philippines.

From a letter to President Reagan from Senator Alan Cranston of California, Representative Stephen Solarz of New York, both Democrats, Senator Richard Lugar of Indiana and Representative Jack Kemp of New York, both Republicans.

Dominica: A Success Is Being Reaped

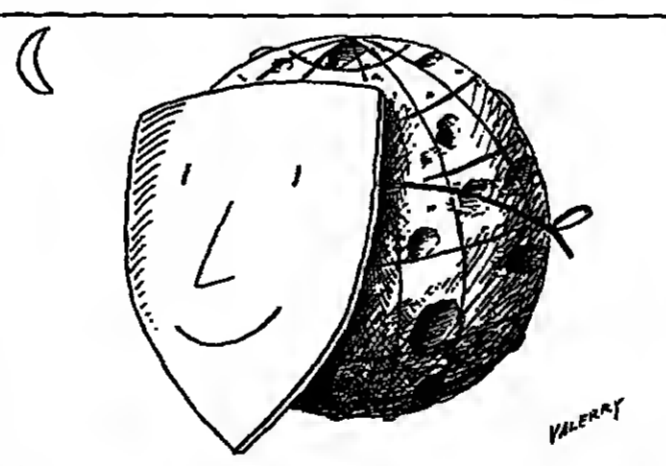
By Jonathan Power

ROSEAU, Dominica — Once in a while the traveler sees a connection that makes his heart beat fast. What is declared impossible in one corner of the globe he finds is being done in another. Two countries, both tropical, both with a colonial heritage, both now with women in the ruling chair, are struggling with the political-unsettling question of land ownership. One, Corason Aquino in the Philippines is clearly failing. The other, Eugénie Charles in Dominica, appears well on the way to success.

Up the emerald-bud mountain, among the hummingbirds, green banana, waterfalls and rainbows, giant ferns and orchids, small farmers have been scraping a living for 400 years in this Caribbean island. With its wild beauty — so wild that the tourists give the rocky black-beach island a miss — it hides its poverty in the prolific and ubiquitous foliage of its dominant crop, bananas.

When in 1978 it won its independence from Britain, it was an island with three societies: the estate owners, wealthy, inhering and verging on the indolent; the inhabitants of the sleepy capital of Roseau, relatively prosperous; and the rest, mainly workers on the estates, poor, but not impoverished, thanks to a good basic system of health services and the pure water and the invigorating climate of the mountains. Nevertheless it was an untenable system. For the estate owners were mainly white or melano and the workers were black — and unhappy to continue working for a superior class, whom they could see made unproductive use of the vast areas they held.

Moreover, because the politicians of the new order were black, they felt obligated to resonate the feelings of their newly liberated electorate, not that of the privileged few. They were also astute and realized early on that Dominica did not have many alternatives. Other islands had the white beaches. Indeed in this mountainous country there was hardly room to build but the shortest airstrip, much less the standard runway suitable for tourist jets. And industrialization, although the academic and political folk wisdom for the 1950s and 1960s class of emerging new nations, was well out of favor by 1978, the year of Dominica's relatively belated emancipation. Agriculture it had to be. So Dominica's politicians talked agriculture and the need for people to take the land seriously and not emulate the typical Third World rush to find salvation in the town. Those who could



not or would not heed the message migrated not to Roseau but to London and New York. By and large those who stayed behind wanted to make its agriculture work. But when the government was slow to follow through on its rhetoric there was revolt. On the Geneva estate, a large farm in the south, the workers burned down the owner's house and the government was compelled to step in and buy the estate. In the northeast, the unrest on the Castle Bruce estate became increasingly volatile and again the government was forced to step in.

Even then the government, beset by its own problems, failed to follow through. Prime Minister Patrick John, although democratically elected, had begun to show symptoms of crazed omnipotence in the mold of the Duvaliers on nearby Haiti and Eric Gairy in neighboring Grenada, giving himself the title of Doctor of Metaphysics and attempting to lease a quarter of the island to a sleazy Texas businessman for a rent of only \$100 a year. Three weeks of nonviolent strikes and protest, uniling all the political parties, finally forced his resignation. Out of office he set out to reclaim by force what he'd been unable to keep with votes. Fortunately, he could not gather much support and was quickly arrested. He is now serving a long prison sentence.

Eugénie Charles has been continually in power since these troubled times. It was she who rallied her Caribbean neighbors and persuaded President Reagan to invade Grenada after the leftist coup. And she has gone about sorting out Grenada's economic problems with an equal single-mindedness. Not least she has implemented the agricultural rhetoric. Now the government has acquired nearly all the large estates. Surprisingly, owners offered little resistance. Indeed many wanted to sell out voluntarily. Increasingly they were unable to attract labor. Banana prices have been climbing steadily and workers have preferred to stay home working their own small fields rather than work for the low-paying inefficient banana estates.

With financial aid from the United Nations International Fund for Agricultural Development and the Organization of American States, Miss Charles divided up the estates, giving tenure to the workers. Now it is building farm to market roads, introducing up to date agricultural advice with new seeds, pesticides, insecticides and fertilizer.

The first estate, Geneva, has recently added its first full year under the new order. There are 370 farms on 130 acres (295 hectares) of agricultural land. It has transformed the lives of more than 1,500 people. With a quarter of an acre of ginger alone a farmer can make \$1,500 a year, compared with earning an estimated few hundred dollars before. Add to this bananas, passion fruit, grapefruit, guavas and food crops and one can see that a family's fortunes are transformed.

The age profile of the farmers tell it all. The average age of those participating in the project and taking out loans to pay for the new land is 34. This compares with the average age of Dominican farmers of 51. Shortly, the other estates will get the same treatment. The juggernaut of land reform appears unstoppable. The agricultural department is efficient. Miss Charles deploys her remarkable energies with no regard for the indecision that marks her sister leader on the other side of the world. International Herald Tribune. All rights reserved.

Spain Says No, and Has To Say More

By Jim Hoagland

MADRID — The discussion that Spain and the United States have conducted over the past 18 months on the future of the 401st Tactical Air Force Wing has routinely been described as a negotiation. But it is now clear that there has not been negotiating at all in any classical sense.

They have been talking past each other, with Spain speaking of history, the future, current politics and nationalism, while the United States has stressed its problems in managing a global alliance, coping with the Soviet menace and other geopolitical dramas. Prime Minister Felipe Gonzalez has put an end to this by unilaterally setting a three-year withdrawal period for the U.S. air wing based at Torrejon. This leaves both sides facing hard choices about the future of an important relationship. Washington's choice now boils down to picking up its planes and going quietly elsewhere or to slamming the door on the way out.

Slamming the door would not afford in shrug off an ally's unilateral decision of this kind. They want some china broken as a warning to others, especially since the United States is opening a series of bases negotiations around the world. But the restraint that U.S. Ambassador Reginald Bartholomew has been successfully urging on Washington should continue in the difficult aftermath phase. He rightly argues that preserving the U.S. stake in three other vital installations in Spain outweighs the pleasures to be gained from Felipe-bashing.

Mr. Bartholomew appears to have aimed from the start to fashion a negotiator's compromise of splitting the difference. His last effort, in November, was to offer to withdraw one-third of the F16s in return for letting the others stay in ambiguous circumstances. But each bargain he proposed met with an unwavering one-word reply: No. The Spanish refused to budge from what was not a demand but a decision on the complete withdrawal of the F16s.

This was not the kind of negotiation that Americans can understand very well, a Spanish official said. "It was not like talking to the Philippines about a little bit more of this or a little bit less of that, and judging when to cut the best deal. Spain was the imperial power in the Philippines a century ago, and we have to establish that we are not just another Philippines or Greece, looking for a deal."

The two nations also talked past each other on the crucial question of "substitution," as it is called in negotiating jargon. U.S. officials felt that Spain had committed its armed forces to take up the missions carried out by the 401st tactical wing as part of any withdrawal. Given the sensitive nature of the mission of the 72 F16s that make up the wing, it is doubtful that there was ever full understanding of this.

In the event of war the F16s would be redeployed from Spain to northern Italy and Turkey, where they would pick up nuclear bombs that are stored in those countries. Neither the Spanish nor the Americans talk about what would happen then. But the F16s would undoubtedly stage nuclear strikes along the Soviet-Turkish frontier — a task the Spanish air force could never undertake. What Washington would have expected Spain to do in the way of substitution in this key segment of NATO's "flexible response" strategy remains a mystery.

Spain, for its part, would prefer to portray the "negotiation" aftermath as an exclusively U.S. problem, arguing that it is solely up to Washington whether this becomes as divisive a dispute for NATO as the French withdrawal was in 1966. Until now, Spain has shown little interest in what the United States does with the F16s. Officials complain that Spain has been little more than a parking lot for them, and argue that it should be easy to relocate them closer to their targets. But that attitude ignores that the U.S. military presence in Europe is becoming a focal point for several budgetary and political pressures. Spain's decision to force a withdrawal of the F16s by the summer of 1991 means this becomes an immediate issue as the Defense treaty for Senate debate. The Warsaw Pact focuses on nuclear-capable aircraft like the F16 in arms control talks and Western Europe remains uneasy about President Ronald Reagan's dealings with Mikhail Gorbachev.

Mr. Gonzalez has made a credible case for asking the United States to reduce its presence in Spain. It is now up to him and his aides to understand that they must help the United States limit the damage his decision still could cause. The Washington Post.

100, 75 AND 50 YEARS AGO

1887: A See for Boston

ROME — The latest feeling and information in Rome favor the news that a Cardinal's hat is likely to be offered to Archbishop Williams of Boston. After the Baltimore Council the general feeling was that Boston, and not Baltimore, should be the next seat of learning, but its importance in a Catholic sense is double that of Baltimore. Archbishop Williams, on hearing that a strong party was in favor of raising him to the Sacred College, wrote straight to the Pope and urged the Holy Father to give the "hat" to Baltimore.

1912: A Bomb in Delhi

LONDON — Lord Hardinge, Viceroy of India, had a miraculous escape from being killed by a bomb, which was thrown as he was making his state entry into Delhi yesterday (Dec. 23). The bomb exploded with terrific force, wounding the Viceroy,

killing an attendant and wounding another. Lady Hardinge was unharmed. The occasion was the taking over of the area on which the new capital is to be built.

1937: Ford Is Accused

WASHINGTON — In the strongest, most important and most sweeping decision it has yet made, the National Labor Relations Board today (Dec. 23) unanimously accused the Ford Motor Company of violating the Wagner Act, and ordered it to cease discouraging the membership of its employees in the United Automobile Workers of America. Simultaneously with the N.L.R.B.'s decision came news from Dearborn, Mich., that approximately 300 members of the union had been arrested for distributing the Christmas edition of the U.A.W. publication at the gates of the River Rouge plant. Within the plant, freedom of self-organization guaranteed by the Act is replaced by the rule of terror and repression.

Handwritten text in Arabic script at the bottom of the page.

OPINION

In Bloody Gaza, It's a Race Between Patience and Panic

By William Safire

NEW YORK — Our knee-jerk reaction to pictures of soldiers manhandling demonstrators is to regard the soldiers as brutal and the rioters as heroic. That's not always true.



'Now, I know what this must look like to you, but I want you to at least approach it with an open mind...'

Another choice will emerge. In time, realistic Arab rulers beyond Egypt will stop trying to distract their people from internal inequality by perpetuating their "holy war."

The Story Behind the Tale Of 'The Gift of the Magi'

By Edith Evans Asbury

NEW YORK — During the first decade of the 20th century there burst upon the literary scene in New York a prolific short-story writer named O. Henry.

MEANWHILE he still produced an amazing 49 stories before the year ended. Editors at the New York Sunday World newspaper wanted one more, for their Christmas edition.

LETTERS TO THE EDITOR

Even Mice Can Bite Back

Regarding "Reluctance to Boost Domestic Demand Sours Trade Ties with U.S." (Special News Report on Japan, Dec. 9): Stuart Auerbach's article raises questions, like: Why does the United States stand by and leave the dollar to the financial market mechanism, to slump further, while the central banks of Europe and Japan are hotly trying to support it?

good quality? Has West Germany collaborated with the United States's request? Other European countries?

Suppose the United States were dependent on imports of food more than 70 percent, or 90 percent in oil and for all the industrial materials? From where could she secure the hard currency to purchase them if the exports were drastically curtailed? You cannot argue about an orange with an apple in mind.

The Flip Side of Reforms

The flip side of Mikhail Gorbachev's reforms is that they have made the West treat as remarkable and miraculous elsewhere what at home is common and uneventful: the right to search for and debate the truth.

And the Other 'Elenies'?

The opinion column by A. M. Rosenthal, "Reagan Left Something Out of Eleni's Story" (Dec. 16), was correct in every respect, but if President Reagan left something out, I think Mr. Rosenthal left out much more.

Where Has Harry Gone?

I was stuck in Venice for Thanksgiving and spent the day anticipating some sort of holiday gesture at Harry's Bar. I got to Harry's at 11:30 P.M. It was closed. Who's running that place these days? And where are they from?

Added to the usual elements is this: Demonstrations often start and grow because the demonstrators see some chance of success. Palestinian Arabs, sensitive to any lack of resolve in Israel, are aware of the divisions in the coalition government over the calling of a conference that would surely end in major territorial concessions.

Moreover, rioters — including Iran-sponsored terrorists to whom death is not a deterrent — have noted increased Israeli concern for world opinion. Israel is out the Soviet Union or Syria or South Africa, where coverage of ruthless crackdowns is blacked out.

The Case for Legal Drugs

During my last 10 years of heavy drinking (I stopped on March 13, 1985), I progressively abandoned the use of cannabis, the two substances being violently antipathetic. In the gray hell of post-alcoholic depression, I rediscovered it when it showed me the colors of a bowl of flowers and the molten gold of the sun

Let's face it: No drugs is good drugs — but that has never been the case. In the recorded history of man every society has had its sweetener. When alcohol was banned, you get Al Capone as pusher.

And you can't, in the end, ban cannabis (or, for that matter, heroin or cocaine) for the same reasons: they will be sold anyway by those prepared to take risks to make a profit; what is sold will be adulterated (for profit) and will often be more dangerous than the pure sub-

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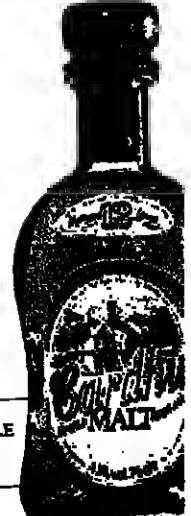
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In Haiti, the Bad Old Days Are Returning

By Julia Preston
Washington Post Service

CITÉ SOLEIL, Haiti — Many Haitians who live on the fetid marsh that rims Port-au-Prince do not put much stock in voting, but they decided to give it a chance last Nov. 29 when Haiti was expecting its first free, honest election in more than three decades.

But when the independent electoral board stopped the balloting that Sunday amid a wave of terrorist killing in the center city, many Cité Soleil slum dwellers shrugged, went home and gave up on the idea of democratic elections, community leaders now say.

The leaders predict that many despairing voters from Port-au-Prince's biggest, ugliest slum will stay home on the next election day, scheduled Jan. 17.

The Cité Soleil residents most likely to turn out in the second round, residents say, are those habituated during three decades of Duvalier dictatorship to rubber-stamp referendums, when poor people made a few pennies by selling their votes and went to the polls to stay on the right side of the man in power.

"People here won't vote for hope again. If they find a leader who will give them a little money, they'll vote for money," said Wilner Membrun, president of the main Roman Catholic community organization in a Cité Soleil district named Brooklyn.

Long lines had curled around its polling stations at dawn on Nov. 29. Only five miles away in the center of Port-au-Prince, gunmen left over from the 29-year dictatorship were shooting voters, stalking journalists and burning polling places. But Cité Soleil remained quiet throughout.

"The people still don't understand what happened," said Lanaud Derazin, 21, who was in

charge of one polling station here. Although close to town, the area remained virtually cut off for nearly two weeks because terrorists crippled the Catholic and Protestant church radios — from which the slum normally hears about the world beyond it.

The ruling National Government Council, headed by the armed forces commander in chief, General Henri Namphy, is putting together an election for Jan. 17 after allowing the first one to collapse and dissolving the broadly popular electoral board that organized it.

The army's preparations, including the swearing-in Dec. 12 of what now essentially is a hand-picked board, closely match those they made for the 1977 vote in which François "Papa Doc" Duvalier rose to power, according to those interviewed.

Back then, the military had full charge of the elections process. Now, Cité Soleil residents say, it seems that Haiti is reverting to those times. Four leading presidential candidates from the Nov. 29 vote are boycotting this election.

As many as 200,000 of Port-au-Prince's 1.2 million residents live in Cité Soleil.

In 1967, Mr. Duvalier moved to rid the waterfront of what he viewed as unsightly clutter. The shanties were burned and the squatters fled to the salt swamps that are now Cité Soleil, City of the Sun.

Over the weekend, dozens of laborers were still shoveling gravel, trying to harden the acres of black slime where their shacks gradually sank year after year. Roman Catholic missionaries pay the shovelers, mostly with food, for what is one of the best jobs going in the neighborhood.

The slum's center is a foul mudflat which is both crossroads and collective toilet. Few resi-

dents know where tomorrow's meal will come from. Yesterday's garbage stands in heaps that buzz with flies and block the roadways. Only a small minority of the community can read or write.

When General Namphy's transition government came in, there were no new jobs, no new sewers, no new ideas. The Belgian Salesian missionaries continued to build schools and provide cinder blocks for housing.

"We stay alive by the Catholic Church. We don't get anything from the government. The affairs of the government don't exist for us," said Mr. Membrun, a community leader.

About the only group to revive political activity in the past 22 months were former small-time Tou-Tons Macoutes and a new generation of young street toughs who admired them. After Mr. Duvalier fled, the well-known Macoutes were driven from the community and a few were murdered by slum dwellers who considered themselves victimized during the dictatorship.

But rank-and-file militiamen and other Duvalier backers stayed quiet for a time, then gradually re-emerged as leaders of some of the loose block committees that bind the slum together.

"The way Haiti is now, we need a strong man to lead us again. For Haitians, the strongest man is always right. And today the Government Council and the Macoutes forces are the strongest," said one such block committee head, Reynold Mendoza, 29. He was interviewed on Soleil 5 Street, where he was patrolling his turf.

The Reverend Luc Lano, a Belgian priest who has worked here for years, sees the future this way: "Right now everyone's looking to eat. But the day Cité Soleil takes to the streets ... look out."



Four Haitian presidential candidates at a press conference on Tuesday in Port-au-Prince calling for aid in helping Haitians rid themselves of ruling junta. From left: Gerard Gourgue, Marc Bazin, Louis Dejoie and Sylvio Claude.

INF Pact Expected to Easily Pass Senate

By Helen Dewar
Washington Post Service

WASHINGTON — The Senate will approve the U.S.-Soviet nuclear arms treaty next year unless "unexpected flaws" are discovered, the Senate Democratic whip, Alan Cranston, of California, has predicted on the basis of preliminary counts indicating that no more

than 10 senators now appear likely to oppose the pact.

Mr. Cranston, a leading pro-treaty strategist, said there also appear to be enough votes to fend off crippling amendments, but he cautioned that "ingenious minds are at work" drafting potentially troublesome proposals.

Mr. Cranston's assessment on Tuesday was the latest in increasingly optimistic forecasts for the two-thirds vote necessary for Senate approval of the treaty signed here Dec. 8 by President Ronald Reagan and Mikhail S. Gorbachev, the Soviet leader, to eliminate medium- and shorter-range nuclear weapons.

At their summit meeting, the two leaders announced plans for Mr. Reagan to visit Moscow in June.

Last week, the Senate minority leader, Bob Dole, Republican of Kansas, endorsed the INF treaty and predicted its approval. His statement was seen as bolstering support for the pact among GOP conservatives who have voiced strong objections.

Senior Republican leaders in the Senate now unanimously support

the treaty, and foes of the pact concede that approval now seems a foregone conclusion.

But Mr. Cranston's observations at an end-of-the-session news conference also reflected lingering concern over the possibility of "killer amendments" that could be adopted by majority vote, requiring renegotiation of the accord along lines that the Soviets would find objectionable.

Mr. Cranston said these could come in the areas of verification, conventional-force levels, enforcement of past treaties and restrictions on negotiation of future agreements dealing with reduction of strategic nuclear weapons. A 1979 Strategic Arms Limitation Treaty remains unratified, having never come to a vote in the Senate.

He said he sees no chance for fatal tampering with the treaty on issues that are not directly related to it, such as demands for Soviet withdrawal from Afghanistan as a condition for implementation of the pact.

To head off attempts to kill the treaty by indirect means, Mr. Cranston said opponents are working on

ways to satisfy senators' concerns without jeopardizing the treaty itself.

Mr. Dole, in an article in Wednesday's editions of the Des Moines Register in Iowa, where he is campaigning for the Republican presidential nomination, also expressed concern about "killer amendments" and pledged to help lead the fight to defeat them.

Mr. Dole said there may be one or more "Dole initiatives," which he said would be backed by the president, to address senators' concerns over verification, compliance and the imbalance of conventional military forces in Europe without jeopardizing the treaty.

Elaborating on remarks at his news conference, Mr. Cranston said that he counts less than 10 outright opponents in the treaty, although the number could change depending on amendments and reservations as the treaty makes its way through the Senate.

"I think there are now enough votes to assure approval," he said, adding that "there are very few people willing to take it [the treaty] on directly."

OFFENSIVE: Soviet Drive Baffles the Pentagon

(Continued from Page 1)

ing slow but steady progress and should reach Khost, about 15 miles from the Pakistan border, in the near future.

But one Pentagon official said the Soviets would be "crazy to stay there" and would need "10,000 men to hold the road open behind them."

The fighting has resulted in another wave of Afghan war refugees streaming into neighboring Pakistan, with Pakistani diplomatic sources here reporting between 10,000 and 15,000 new arrivals in the past few weeks.

Soviet Candor on Fighting

Gary Lee of The Washington Post reported from Moscow:

For the first time since Soviet troops and tanks rolled into Afghanistan eight years ago, Moscow is raising the veil on the most brutal aspects of the fighting between the Communist regime and the rebel forces there, providing candid accounts of Soviet opposition to the war and of the marks it has left on Soviet soldiers.

In the first official report ever publicly made in Moscow of the fighting in Afghanistan, the Foreign Ministry spokesman, Genmadi I. Gerasimov, gave journalists a blow-by-blow description of

the war that have been remarkable for their frankness.

He also demonstrated that the Soviet campaign for more openness about the war is not unlimited, however.

Asked how many casualties Russian troops have suffered in Afghanistan since the Soviet intervention in December, 1979, he declined to answer, saying that Moscow does not give out such information and that he would not make an exception.

In Iran, Real Estate Agents And Car Dealers Face Death

The Associated Press

NICOSIA — An Iranian official said Wednesday that real estate agencies and car dealerships are "false professions" that should be closed and warned that agents and dealers could face execution.

Tehran radio, monitored here, quoted the supervisor of the tribunal in charge of guilds as saying that as long as real estate agents and car dealers continued to act as middlemen there would be no lowering in the prices of cars, land or housing.

The supervisor, identified only as Ramazani, also said: "Estate agencies and car dealerships cannot be regarded as a profession and should be described as false professions. The tribunal in charge of guilds calls on the Central Guilds Council to close down these false professions."

"If estate agents and car dealers did not review their practices, legal power would be utilized and they would be declared corrupt on earth," he was quoted as saying.

Being "corrupt on earth" is the most severe charge in Iran. It often carries the death sentence.

SPAIN: Ultimatum to U.S.

(Continued from Page 1)

gate to the United Nations, Vernon A. Walters, was quoted as having said that "if there is no agreement on bases in Spain and we are told to leave, we will leave. If we are not wanted, we will go."

"But we Americans will not forget," he added, "an unfriendly gesture toward us."

The chief American negotiator, Regional Bartholomew, the U.S. ambassador to Spain, declined through a spokesman to comment on the details contained in this article. The Spanish Foreign Ministry spokesman also would not comment.

U.S. officials have estimated the probable cost of relocating the aircraft elsewhere in Europe at more than \$500 million, and have predicted that it would be difficult to find a new home for them on NATO's southern rim. The F-16s would deploy into Italy and Turkey in the event of war and stage nuclear strikes with weapons stored in those countries, according to sources.

Belgium, Portugal and Morocco are reported by diplomatic sources to have expressed interest in holding discussions on taking some or all of the F-16s, but Washington has refused to consider finding a new base for the aircraft while negotiations with Spain continued.

The sudden decision by Mr. González appeared to catch U.S. negotiators off guard. They were still advancing compromise proposals that would have kept some of the F-16s in Spain if accepted and had prepared for a round of negotiations set for Dec. 18.

But the December round was hastily postponed until an unspecified date in January after Foreign Minister Francisco Fernández Ordoñez personally told Mr. Bartholomew on Dec. 10 of the decision made on the F-16s by Mr. González and his cabinet. The United States would have three years after the agreement expires in May 1988 to withdraw the aircraft, Mr. Ordoñez said.

The U.S. negotiator reportedly replied that the Spanish decision was unacceptable.

The stationing of U.S. troops in Spain is seen by many Spaniards as a symbol of the help the United States provided Franco in breaking out of the diplomatic isolation that he faced at the time.

11 Dissident Iranians Are Jailed in Norway

Reuters

OSLO — Eleven leftist Iranians who stormed their country's embassy in Oslo on Sept. 10 and sparked a violent siege have each been sentenced to six months in prison.

Justice Ministry officials said the 10 men and one woman, who said during the two-week trial in Oslo that their action was politically motivated, will probably be expelled from Norway on completion of their sentence.

Mugabe, Nkomo Sign Accord on Zimbabwe Unity

New York Times Service

HARARE, Zimbabwe — The main Zimbabwe opposition group has agreed to join Prime Minister Robert Mugabe's governing party in a move that is expected to reduce ethnic divisions and rebel violence in the country.

Mr. Mugabe and his longtime rival, Joshua Nkomo, set aside their bitter personal antagonisms to sign a "unity agreement" on Tuesday.

The prime minister recalled how the two had joined in the struggle against white rule in what was then Rhodesia. He glossed over their rivalry, which dates from the 1960s: "This occasion fills me with emotion," Mr. Mugabe said. "We can now move into the future hand in hand, knowing that we leave behind us a united country."

Mr. Mugabe had much to celebrate, since the unity agreement assured there will be virtually no obstacles to achieving his goal of establishing a one-party state after he becomes Zimbabwe's first executive president on Dec. 31.

He will be the merged party's first secretary and president. There will be two vice secretaries and two vice presidents. Those deputy posts will allow for leaders of Mr. Nkomo's party, the Zimbabwe African People's Union, and most likely for Mr. Nkomo himself, to have a secondary leadership position.

INTERPOL: On the Road to Lyon

(Continued from Page 1)

Interpol on loan from the U.S. Drug Enforcement Administration.

The 25 men and women working for Mr. Higdon speak 22 languages between them and, he said, "have profound regional knowledge." The department keeps such a detailed track of world narcotics trends that the World Health Organization depends on it for abuse data.

But it also gets involved in the minutiae of police work. For example, Interpol analysis found the same telephone number in Bolivia in address books taken from two drug runners arrested in Lisbon and Frankfurt. The discovery led to the arrest of an important narcotics trafficker in Belgium. Mr. Higdon says that though he never lays a hand on a criminal's collar himself, "I still feel like a cop, even if I never carry a gun any more."

While most governments view narcotics trafficking as a serious crime, Robert Littás complains that his specialty is less well understood, even though it accounts for possibly millions of dollars in ill-gotten gains every year. Mr. Littás, a Swedish policeman, is head of the secretariat's economic and financial subdivision, responsible for keeping tracks on fraud, maritime piracy, trademark counterfeiting and false money.

"Counterfeiting is one of the more international crimes, but the fact is that some countries don't take it seriously," he said. Evidence indicates that major

crime syndicates are increasingly involved in the business, but sentences are generally lenient and counterfeiting usually comes low on the list of police priorities. Interpol has drawn up model legislation in an attempt to get governments to prosecute mallefactors more vigorously.

Under a 1929 Geneva convention, Interpol has special responsibility for the repression of false currency. It keeps samples of almost every currency issued in every country, including the Soviet Union, which is not an Interpol member — although officers acknowledge that counterfeiting rubles is not a big problem.

With 146 members, Interpol's membership roster inevitably includes some of the world's nastier dictatorships. What guarantee is there that the organization is not indirectly lending support to police states? The answer, according to Mr. Chamorro, is that it deals only with clearly defined criminal activity.

Interpol's charter forbids involvement in any question having a political, military, religious or racial character. Three judges, from France, Luxembourg and Switzerland, sit on an internal control commission to answer queries from the public about the contents of the files.

Despite the prohibition on dealing with political matters, the secretariat has over the past couple of years become increasingly involved in the battle against terrorism, but only when it is clearly international in nature.

CONTRA: Troops Pull Out After a Two-Day Offensive

(Continued from Page 1)

troops and 50 civilians — had been killed. Mr. Bermudez said his initial reports said there were more than 100 Sandinist dead.

Mr. Bermudez said the primary goals of the operation were accomplished. These, he said, included the destruction of radar installations used to monitor supply flights to the contras, of ammunition depots in Siuna and of a hydroelectric generating plant in Bonanza used to run the mines.

He said that the contras also wanted to disrupt the gold and silver mining operations that earn foreign exchange for the Sandinist government.

[In Washington, State Department officials said the attack signified the evolution of the contras from a ragtag fighting force to one capable of carrying out much more sophisticated assaults and of massing more than 4,000 troops, with support from local populations, for surprise attacks.]

The reporters had been told they would visit one of the captured

communities, but the trip was canceled by the contras because it was considered too dangerous.

The Sandinists initially said only about 1,000 rebels took part in the attacks. Sandinist officers in Managua have since raised their estimate of the total to 3,000.

Mr. Bermudez said the attacks on the three mining communities were carried out by 4,400 men. Another 2,600 were used in diversionary attacks along a road to the south, bringing the total for the operation to about 7,000, the number initially used by contra spokesmen in announcing the attack.

Mr. Bermudez said the attack was conceived two months ago and originally scheduled for the end of November. He added that it had not been possible to get troops into position by that time. Thus, he claimed, it was a coincidence that it was launched the day before rebel negotiators were to meet Sandinist representatives for a second round of cease-fire talks in the Dominican Republic.

The peace talks were called off after the contra delegation refused

to meet a U.S. lawyer and a West German politician representing the Sandinists.

The talks were part of the effort by area governments to negotiate an end to the region's wars. The presidents of Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica are scheduled to meet next month to judge the success of the pact, which was signed in August.

The collapse of the cease-fire talks raised the possibility of further heavy fighting over the holidays.

2-Day Cease-Fire

The Sandinist government will observe a two-day Christmas truce with the contras despite this week's heavy fighting, Reuters reported from Managua. A Defense Ministry spokesman said Wednesday that the cease-fire would begin as announced on midnight Wednesday and run until midnight Friday.

President Daniel Ortega Saavedra of Nicaragua announced the cease-fire last week.

LONDON: Squalor, Altruism

(Continued from Page 1)

ing all four weeks. Christmas profits from his show, "Acting Shakespeare," to a hospice to help AIDS victims die in peace.

"It's a time of good will and giving," he said. But the risks of high hopes in charity were exemplified by Bob Geldof, the rock impresario, who returned from another visit to Africa to report that the rock charity songfest on world television, a few years back did not stem the famine problem after all.

Those in need of a bracing from Dickens in all this can go to the new six-hour film version of his "Little Dorrit," the work rooted in the misery of the debtors' jail suffered by Dickens's father. Progress has shut that jail, but a group called Families in Debt says overbooking is producing suicide and despair.

810 CROSWORTH
INTERVIEW, SCHEDULE, TRAVEL
NEW YORK TIMES, SUNDAY MORNING
POLYGRAPH FOR PUBLICATION

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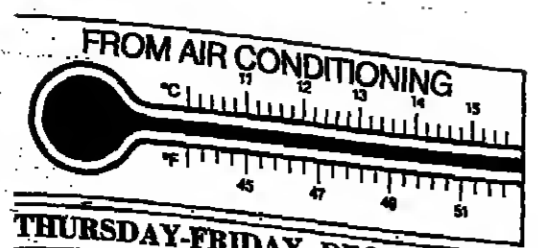
Interferon May Assist

Scientists Find Slabs of

Questions Concerning

NYSE Market

Dow Jones Bond Average



THURSDAY-FRIDAY, DECEMBER 24-25, 1987



INTERNATIONAL MANAGER

British Firms Start to See Benefits in Benefiting Others

By SHERRY BUCHANAN
LONDON — Corporate scrooges are on the way out. According to Charity Trends 1986/1987, published by the London-based Charities Aid Foundation, contributions to charities by the top 200 British companies have increased 72.7 percent since 1981.

'We believe we should put something back in the community.'

MANY BRITISH companies are now helping to run enterprise agencies that encourage the development of local businesses, setting up training programs for young people and minorities in the inner cities, helping their own staff get started in new businesses, funding secondary-school business educational programs, financing city technology colleges and providing office space and finance for start-up ventures.

Companies might start to become more adventurous but, in the main, corporate giving is still looked at in terms of business promotion, said Desmond Palmer, manager of the Community Affairs Department at Allied Dunbar Assurance, a financial services firm in Swindon, England.

Deficit Widens In U.K.

November Figure Exceeds Forecast

LONDON — Britain's current-account deficit widened to £595 million (\$1.09 billion) in November, the Trade and Industry Department said Wednesday in a preliminary report. The deficit had been £282 million in October.

The cumulative current-account deficit from January through November was estimated at £2.1 billion. The Treasury's forecast for all of 1987 is for a £2.5 billion deficit.

The surplus was a revised 7.1 billion DM in October. The office, in its preliminary report for October, had said the October surplus was a 6.9 billion DM.



The Hermès boutique on East 57th Street in Manhattan.

Hermès: Dressing (Itself) for Success

Marketing Turnaround Proves Bourgeois Can Be Chic

By Claire Wilson
PARIS — It is early evening on one of the last Saturdays before Christmas, and customers at the Hermès shop on the rue Faubourg St. Honoré are standing two and three deep at the scarf counter.

The crowd in the wood-paneled shop, which sells everything from hunting attire and luggage to fragrances and silk ties, is the usual holiday mix — mostly Parisian, with fewer of the usual American and Japanese tourists.

Since becoming chairman 10 years ago, Mr. Dumas-Hermès, a fifth-generation member of the family that founded the company in 1837, has worked to give Hermès a younger image, so that its goods would appeal to say, Lady Di, as much as to the Queen Mother.

Fed's Former Farmer Sees Policy Role for Commodities Prices

By Michael Quint
NEW YORK — As a farmer in the early 1970s, Wayne D. Angell enjoyed driving to Kansas City, Missouri, just to watch wheat prices soar in trading on the Board of Trade.

Now, after nearly two years as a governor of the Federal Reserve Board, Mr. Angell recalls the early 1970s as a period when rising commodity prices should have encouraged the Federal Reserve to move more vigorously to tighten monetary policy, raise short-term interest rates and bring down inflationary expectations before they gained momentum and showed up in the Consumer Price Index.

But the Fed did not follow that policy, and the result, Mr. Angell said, was much faster inflation later. To prevent a recurrence, he believes the Federal Reserve should pay more attention to commodity prices.

Economists have long recognized that commodity prices generally rise before inflation shows up in consumer prices. But Mr. Angell, who has also been a banker and economics professor, wants to refine that intuition with more rigorous measurements and analysis to help the Fed predict inflation trends so it can take early action.

Currency Rates

Table with columns for City, Currency, and Rate. Includes Amsterdam, Brussels, Frankfurt, London, New York, Paris, Zurich, and ECUs.

Other Dollar Values

Table with columns for Currency, Par \$, and Rate. Includes Australian, Canadian, Hong Kong, Indian, Japanese, New Zealand, Singapore, South African, Swiss, and Taiwan.

Forward Rates

Table with columns for Currency, Period, and Rate. Includes Pound Sterling, Japanese yen, Deutsche mark, and Swiss franc.

Interest Rates

Table with columns for Term, Rate, and Source. Includes Eurocurrency deposits, Key Money Rates, and U.S. Money Market Funds.

Dutch Ease Credit Policy

AMSTERDAM — The Dutch central bank said Wednesday that it had lifted its restrictions on domestic credit growth after recent discussions with Dutch commercial banks.

Domestic credit expansion had been limited to 11 to 12 percent over the two last two years, or 5.5 percent a year, to curb inflation.

But the central bank said it was satisfied that the banking system's money-creating activities had decreased to a rate closely in line with the growth of national income, as measured by the output of goods and services before inflation.

Gold

Table with columns for Location, Price, and Change. Includes London, New York, and other international locations.

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U.S. Forecast For GNP Growth Cut Due to Crash

WASHINGTON — The Reagan administration on Wednesday lowered its projection for economic growth in 1988 by more than a full percentage point and cited the October stock market crash as a major reason.

The White House predicted that the economy would grow by 2.4 percent next year after inflation, down from the 3.5 percent it forecast in August.

The stock market collapse will "slow the spending rate by consumers," said Beryl W. Sprinkel, chairman of the president's Council of Economic Advisers.

"Whether it's already happening, I really don't know," he said, referring to whether the stock market decline was affecting Christmas sales.

BP Bid for Britoil Approved By Britain's Takeover Panel

By Warren Guder
LONDON — Britain's Takeover Panel, a non-governmental body that monitors mergers, ruled Wednesday that British Petroleum Co.'s offer for Britoil PLC could proceed despite government plans to block BP or any other bidder from gaining control of Britoil.

Acceleration

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EXTRACTS FROM MR. PATRICK POLLET'S LETTER TO SHAREHOLDERS

Redoute Group gross revenue rose by 3.9% to F.F. 5.45 billion for the first half of the 1987/1988 trading period (March 1 to August 31, 1987), showing a net profit of F.F. 36.4 million, against F.F. 33.1 million (op 10.1%) for comparable structures.

Commodities Division

The Redoute Catalogue operation (Redoute Catalogue, S.N.E.R., Redoute Catalogue Benelux, Movitex and Cyrial) registered gross sales of F.F. 4.286 million for this period (+9.6%) and a net profit of F.F. 40.2 million (+8.8%).

Services Division

Finarex — First semester results showed a sharp rise in net profit at F.F. 15.6 million — up by 51.4%. At the end of November (11 trading months) financing grants had reached F.F. 3.3 billion (+34%).

Weekly net asset value on

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Listed on the Amsterdam Stock Exchange
Information: Person, Holding & Pierson N.V. Herengracht 214, 1016 BS Amsterdam. Tel. +31-20-201188.

HERMES: A Dowager Finds New Success With the Young, Chic and Rich

(Continued from first finance page)

Dumas-Hermès, the company got into travel specialties and golf accessories when the founder's grandson, Emile-Maurice, took control in the 1920s.

Emile-Maurice also opened the first branch stores in French resort towns, further linking the Hermès name with luxury and leisure. The retail outlet on rue Faubourg St. Honoré opened in 1922.

Surrounded by this lore, Mr. Dumas-Hermès said in his highly accented English, he got his Hermès education unconsciously: "We would all gather around the lunch table every day and my father would talk about that beautiful silk-scarf-please-don't-eat-with-your-hands. That sort of thing."

As a young man in Paris, his ambition was to travel; his avocation was jazz. So in the 1950s, after studying political science and law, he began a brief career as a drummer, a job that took him to Scandinavia and Czechoslovakia. "I was a brilliant improviser," he joked, improvising on imaginary drums as he spoke. "We each got 50 francs a night."

He later traveled through Iran and was a contributing editor to the Pakistan Times. In 1961, he took his compulsory officer training in Algeria. All the while, he gently resisted the pull of Hermès. "I had nothing against it," he said. "I just had another life."

In the early 1960s, when his father, Robert Dumas, then company president, told him it was time to come home to Hermès, he agreed. But first he spent a year in New York, in the Bloomingdale's buyer training program. (His wife, Rena Dumas, whom he married in 1962, got a job in a New York architecture firm.)

It was at Bloomingdale's, Mr. Dumas-Hermès says, that he "discovered the importance of being a merchant." At home, at Hermès, he said, "we were proud to sell, but far more proud to produce."

When he finally arrived at Hermès in 1964, he says, his first lesson was in humility. His father sent him to the Drouot antiques auctions to choose prints for scarf designs, but not one of his selections was ever used by the designers at Hermès.

His ascendancy surprised him. His ascendency surprised him. He never assumed things would automatically go his way at the house of Hermès, where the family was not obliged to be part of the company.

His own son and daughter, he adds, have no plans to join Hermès. "Look, we're not the French family that has built a leather and fur dynasty."

As the new chairman at a time when business was slow, Mr. Dumas-Hermès began to tinker with structure. He set up a holding company and developed divisions for fragrances, watches and manufacturing.

More recently, he reclaimed U.S. distribution rights for the fragrances from Bechtel Products, and signed an agreement with the Italian manufacturer Benetton to produce its perfumes.

He also looked for outside talent. Several family members still hold



Jean-Louis Dumas-Hermès with a giant version of the company's signature handbag.

upper-level positions at Hermès: A sister-in-law, Michele Dumas, is managing director; two cousins, Patrick Guerrand and Bertrand Puech, are vice chairmen; his wife designs the stores.

But while Mr. Dumas-Hermès appreciates this family legacy, his aim is to run an effective organiza-

mail-order sales, it also brings craftsmanship demonstrations to smaller American cities with no Hermès outlet. The marketing seems to work. U.S. sales doubled from 1985 to 1986 and now account for 12 percent of Hermès's revenues.

Such company restructuring

"I'm afraid we may have been a bit brutal in our assessment when they asked for an opinion. We told them straight that we all knew Hermès, but that it wasn't for anybody who was considered a trend-setter."

—Françoise Aron, of Hermès's ad agency, Eldorado

tion. "The family brings a certain spirit to the business, but it doesn't mean they are entitled to do something," he said. "We try to get the best we can for the job."

For Mr. Dumas-Hermès, that has meant hiring people outside the family, among them Gilles du Val, the marketing director, and local managers to direct foreign markets.

In the United States, the local talent is Chrysler Fisher, who was hired away from Neiman-Marcus in the early 1980s to head up American operations.

Under Mr. Fisher, Hermès's American operations started a direct-marketing program that includes mail order, toll-free telephone numbers and "how-to" scarf and tie brochures. To help generate

helped Hermès grow worldwide, analysts say. But Mr. Dumas-Hermès's image-polishing helped even more.

He began looking for an updated image soon after he became chairman. "I'm afraid we may have been a bit brutal in our assessment, when they asked for an opinion," said Françoise Aron, a partner at Hermès's ad agency, Eldorado, and a friend and former schoolmate of Mr. Dumas-Hermès. "We told them straight that we all knew Hermès, but that it wasn't for anybody who was considered a trend-setter."

Eldorado worked with Hermès to fix that. In 1979, the silk scarf appeared in French fashion magazines on a model wearing a Lee

Rider denim jacket and Hermès gold earrings. The aviator sunglasses in her pocket reflected a Parisian mansard skyline. Hermès had been jerked up to date.

The agency, which also handles advertising for Benetton, followed up with ads featuring such company classics as the Kelly handbag, done in bright green or red ostrich skin. (The original Kelly, a callskin bag named for the late Princess Grace of Monaco, is still popular at \$1,900.)

And last spring, it launched a controversial campaign for the company's Bel Ami fragrance. British women's magazines were scandalized by the ads, which feature a Gustav Klimt sketch of a reclining nude, and British shops were reluctant to use the counter displays.

Mr. Dumas-Hermès has other goals for his company, including the doubling of sales in its apparel business. He also wants to exert more control over production and distribution by assuming ownership of certain plants the company uses.

Despite its rich history, Mr. Dumas-Hermès likes to talk about his company's place in the modern world. He mentions that robots are installed in the printing plant, that the carbon fiber in his new Hermès briefcase is the same as on the exterior of France's Ariane rocket, that the new leather workrooms will be near La Villette, Paris's center for science and technology.

"I don't care about the past," he said. "I'm excited by a future based on the past."

U.S. Futures

Via The Associated Press

Dec 23

Grains

Table with columns: Commodity, High, Low, Close, Change. Includes Wheat (CBOT), Soybean Meal (CBOT), Soybean Oil (CBOT), Soybean Meal (NYMEX), Soybean Oil (NYMEX).

Metals

Table with columns: Commodity, High, Low, Close, Change. Includes Copper (COMEX), Aluminum (COMEX), Silver (COMEX), Platinum (NYMEX), Palladium (NYMEX).

Livestock

Table with columns: Commodity, High, Low, Close, Change. Includes Cattle (CME), Hogs (CME), Pork Bellies (CME).

Food

Table with columns: Commodity, High, Low, Close, Change. Includes Coffee C (NYMEX).

Currency Options

Table with columns: Currency, High, Low, Close, Change. Includes Philadelphia Exchange, West German Marks, Japanese Yen.

Financial

Table with columns: Commodity, High, Low, Close, Change. Includes US T. Bills (IMM), Municipal Bonds (CBT), Eurodollars (IMM).

Stocks

Table with columns: Index, High, Low, Close, Change. Includes NYSE, Dow Jones, Nikkei.

Industrials

Table with columns: Commodity, High, Low, Close, Change. Includes Lumber (CME), Steel (COMEX), Paper (COMEX).

Stock Indexes

Table with columns: Index, High, Low, Close, Change. Includes SP Comp. Index (CME), NYSE Comp. Index (NYSE).

Commodity Indexes

Table with columns: Index, High, Low, Close, Change. Includes Moody's, Reuters, Dow Jones.

Market Guide

Table with columns: Market, High, Low, Close, Change. Includes CME, NYSE, COMEX, NYMEX.

Paris Commodities

Table with columns: Commodity, High, Low, Close, Change. Includes Sugar, Coffee, Cocoa.

London Commodities

Table with columns: Commodity, High, Low, Close, Change. Includes Sugar, Coffee, Cocoa.

Dividends

Table with columns: Company, Dividend, Yield. Includes Citicorp, Amgen, etc.

Spot Commodities

Table with columns: Commodity, High, Low, Close, Change. Includes Aluminum, Copper, Silver.

DM Futures Options

Table with columns: Commodity, High, Low, Close, Change. Includes DM Futures Options.

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Paris Commodities. SUGAR, COFFEE, COCOA. High Low Close Ask Dec 23.

London Commodities. SUGAR, COFFEE, COCOA. High Low Close Ask Dec 23.

DM Futures Options. W. German Mark-DEMEX marks, costs per mark.

Dividends. Company, Dividend, Yield, Pct. Dec 23.

Spot Commodities. Commodity, High, Low, Close, Change. Dec 23.

DM Futures Options. W. German Mark-DEMEX marks, costs per mark.

Toyota Forecasts. 1% Rise in Output. NAGOYA, Japan - Toyota Motor Corp. said Wednesday...

US Treasuries. Dec 23. Treasury bill, Treasury note, Treasury bond.

Sony Wins Approval Of CBS Records Buyout. TOKYO - Sony Corp. has received approval from the Japanese and U.S. governments...

Gibbons, Green Cancels Buyout of Argonaut. LOS ANGELES - Gibbons, Green, van Amerongen Ltd. says it has called off its 5620 buyout of Argonaut Group Inc.

Vertical advertisement for 'Drops' on the right edge of the page.

Wednesdays AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table A: 12 Month High Low Stock Div. Yld. PE 52 Week High Low Close. Lists various stocks like AMGN, ALB, AMT, etc.

Table B: 12 Month High Low Stock Div. Yld. PE 52 Week High Low Close. Lists various stocks like BAC, BAX, BBR, etc.

Table C: 12 Month High Low Stock Div. Yld. PE 52 Week High Low Close. Lists various stocks like COI, CUC, CUS, etc.

Table D: 12 Month High Low Stock Div. Yld. PE 52 Week High Low Close. Lists various stocks like GRI, GRI, GRI, etc.

Table E: 12 Month High Low Stock Div. Yld. PE 52 Week High Low Close. Lists various stocks like HAL, HAL, HAL, etc.

Table F: 12 Month High Low Stock Div. Yld. PE 52 Week High Low Close. Lists various stocks like ICE, ICE, ICE, etc.

Table G: 12 Month High Low Stock Div. Yld. PE 52 Week High Low Close. Lists various stocks like JAC, JAC, JAC, etc.



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Vertical advertisements on the right edge of the page, including 'Firms Aff', 'OTC Prices', and other financial notices.

CURRENCY MARKETS

Dollar Firms After G-7 Statement

Compiled by Our Staff From Dispatches NEW YORK — The dollar closed higher Wednesday in New York and Europe, supported by a statement from the Group of Seven major industrial countries that a further fall in the U.S. currency would damage the international economy.

Also helping the currency was a remark by Britain's chancellor of the Exchequer, Nigel Lawson, that the dollar was undervalued. In New York, the dollar rose to 1.6335 Deutsche marks, from 1.6280 on Tuesday; to 126.55 yen, after 126.40; to 1.3285 Swiss francs, from 1.3215 and to 5.5275 French francs after 5.5053.

The British pound also slipped, to \$1.8265 from \$1.8335. "Of course, the G-7 officials do not want currency instability," said Joachim Zimmermann, chief dealer at Berliner Bank. "But they still have to take action to bring about their aims."

Some currency dealers had hoped the G-7 nations — the United States, Japan, West Germany, France, Italy, Britain and Canada — would act more firmly to buoy financial markets after the October stock market collapse and the dollar's plunge to postwar lows last week.

"A further decline of the dollar, or a rise in the dollar to an extent that becomes destabilizing in terms of the adjustment process, could be counterproductive by damaging growth prospects in the world economy," the group said in its statement.

In an annex to the statement,

London Dollar Rates

Table with 3 columns: Closing, Wed, Thu. Rows include Deutsche mark, Japanese yen, Swiss franc, French franc.

After the brief morning rally in Europe, the afternoon dragged on with fairly thin trading mostly confined to interbank activity, one dealer said.

Some currency analysts said that the lack of trading before the year-end holidays exaggerated the dollar's strength. In London, the dollar traded at an early high of 1.6445 Deutsche marks, before slipping to close at 1.6355 DM, still above Tuesday's finish of 1.6285 DM.

The dollar also rose to 126.88 yen, after closing Tuesday at 126.50; to 1.3309 Swiss francs, from 1.3235 and to 5.5312 French francs after 5.5059.

The pound fell slightly, to \$1.8243 from \$1.8300.

Worse-than-expected British trade figures pushed sterling lower on its trade-weighted index. It opened at 75.5 percent of its 1975 value against a basket of currencies, but closed at 75.4, below Tuesday's finish at 75.6.

Britain's deficit on the current account, the widest trade measure, widened to \$595 million in November from \$282 million the previous month. The cumulative gap for this year's current account grew to £2.1 billion.

In earlier European trading, the dollar was fixed higher at 1.6375 DM in Frankfurt after 1.6305 on Tuesday, and in Paris at 5.5385 French francs from 5.5155.

In Zurich, the dollar closed higher at 1.3318 Swiss francs from 1.3248. (AFP, Reuters)

OECD Warning on Limits of Intervention

International Herald Tribune

PARIS — With no further U.S. budget cuts likely before next November's presidential election and with West Germany resisting calls to stimulate its economy, any market challenge to the Group of Seven's renewed commitment to stabilize exchange rates would have to be countered by market intervention and interest-rate manipulation.

In its semiannual economic outlook published Tuesday, however, the Organization for Economic Cooperation and Development warned that there is only limited scope for such intervention to work. "Intervention, by itself and in the absence of accompanying changes in domestic monetary conditions, can, on the evidence, affect exchange rates only for a limited period of time, and only to the extent of slowing down underlying trends," the OECD said.

"There are limits, furthermore, to the scale of intervention that would be acceptable: Beyond some point, it might entail an excessive exposure to

exchange-rate risks for central banks of surplus countries, and raise fears that eventually these countries would no longer be able to offset the impact of intervention on domestic liquidity — with the risk that expectations of higher inflation would be rekindled," it said.

The organization noted that, "The scope for surplus countries to lower interest rates as a means of promoting stable exchange rates in the face of downward pressure on the dollar could likewise be limited: A new acceleration of monetary growth could lead to a return of the tensions that preceded the crisis in stock markets, with a revival of inflationary fears and a general increase in long-term interest rates."

"In sum," it concluded, "there is a risk" that "monetary policy could be overburdened and be faced with a dilemma if," in addition to its domestic responsibilities, it were assigned to "promoting exchange-rate stability without there being adequate fiscal and structural policies in place."

chart patterns made by the daily ups and downs of the dollar, say that a move up to 1.645 Deutsche marks would represent a signal to buy the dollar.

Dealers insist that only facts — good economic data — will lift the dollar.

If the favorable numbers are forthcoming, dealers say the dollar would recover to 1.7 DM, at which point chart watchers would again begin dumping the currency.

The major test for the Group of Seven will come then. Chartists say the next drop would take the dollar to 1.5 DM.

G-7: Markets Skeptical on Currency Stabilization Accord

(Continued from Page 1)

reduction of the budget deficit that would further slow import demand. Elsewhere, too, there are obstacles to immediate further change in basic policies. West Germany continues to insist that no further measures are needed to boost its economy and thus help lift import demand at home as well as throughout Europe. Taiwan, South Korea, Hong Kong and Singapore continue to resist measures to reduce their trade surpluses.

Despite the gloomy longer term outlook, foreign exchange dealers do not rule out the possibility of a dollar rebound early in January.

Technical traders, who watch the

inflation as measured by the Consumer Price Index rising 4.3.

Lawrence Chimere, chairman of the Wafa Group, a private consulting service based in the Philadelphia area, said the administration forecast "is a little on the high side, but it is certainly within the range of reasonable levels."

Mr. Chimere noted that growth rates between 2 percent and 3 percent — while once considered anemic — are becoming more and more the norm. Mr. Sprinkel declared that the overall U.S. economy remained sound, despite the current turmoil in financial markets. And he noted that the current growth rate of 3.7 percent is even exceeding the administration's own earlier projection of 3.2 percent growth in 1987.

Hong Kong Market Assailed

Agence France-Press

HONG KONG — Hong Kong's financial secretary, Piers Jacobs, criticized the local stock exchange on Wednesday, complaining that it did not consult the government on its four-day closure in the aftermath of the October stock market collapse.

"I don't consider one single phone call," from the then-head of the exchange, Ronald Li, "as consultation," Mr. Jacobs said at a press conference. "I didn't like the idea of closure at any time. I was also concerned about the length of the closure."

Mr. Li retired on Dec. 16. Mr. Jacobs also assailed a recent

statement in a published interview by the exchange's current chairman, Charles Sin, that the stock market here would close again "if it were necessary."

"I was surprised to read that statement in the light of everything that's happened," Mr. Jacobs said. "Markets are supposed to stay open."

The October closure to international criticism of the colony's stock market.

The Hang Seng index dived 1,120 points on Oct. 26 when trading resumed after the suspension, following a 4 billion Hong Kong dollar (\$512.8 million) rescue package arranged by the government for the local futures market.

FORECAST: U.S. Growth Figure

(Continued from first finance page)

revision for 1988 "is in line with many private forecasts" and "recognizes the likely negative impact on growth in 1988 of the recent stock market crash and the increase in interest rates and the tightening of monetary policy during 1987."

"Consumer spending is expected to grow rather slowly as households react to the stock market decline and seek to improve savings rate from their recent low levels," he said.

Blue Chip Economic Indicators, a financial newsletter that surveys 51 top economists each month for their forecasts, says the consensus is that the economy will expand at a 2 percent annual rate in 1988, with

Wednesday's OTC Prices. NASDAQ prices as of 4 AM, New York time. This list, compiled by the AP, consists of the 1,000 most traded securities in terms of dollar volume.

Table with columns: 12 Month High, Low, Stock, Div. Yld., Sales in 100s, High, Low, 4 P.M. Close, Net Change. Lists various stocks like ABB, AOC, ADK, etc.

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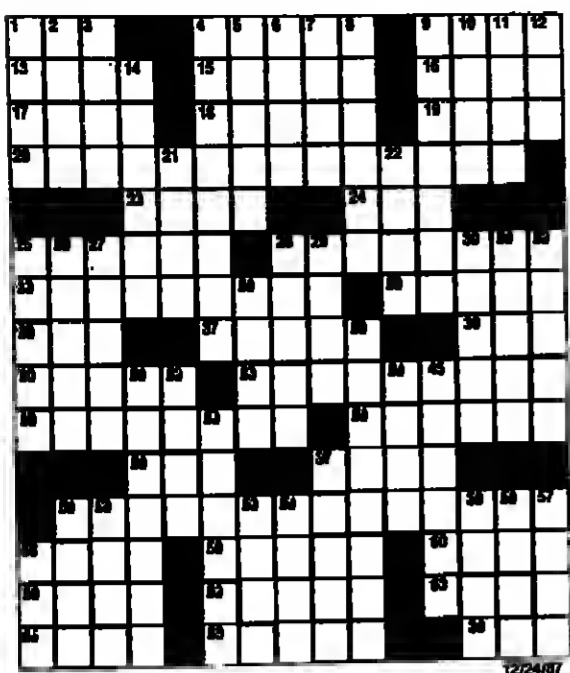
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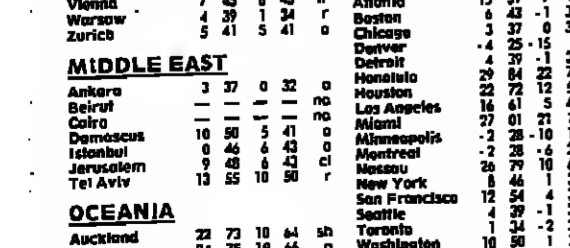
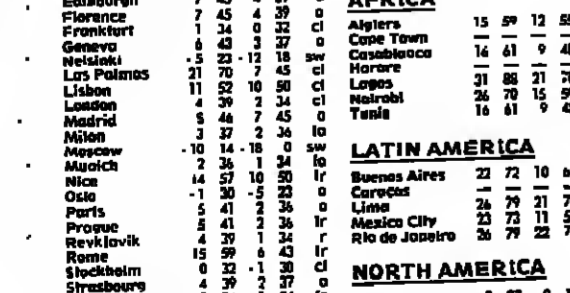
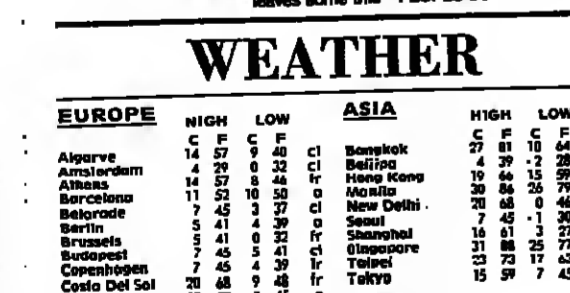
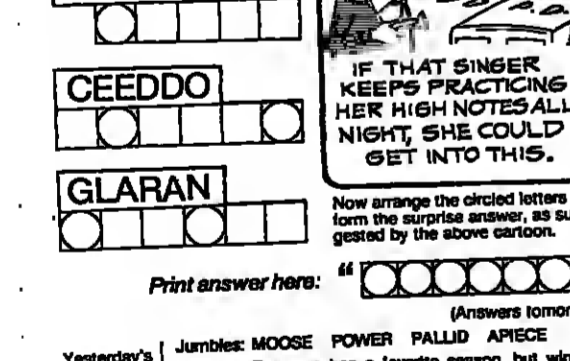
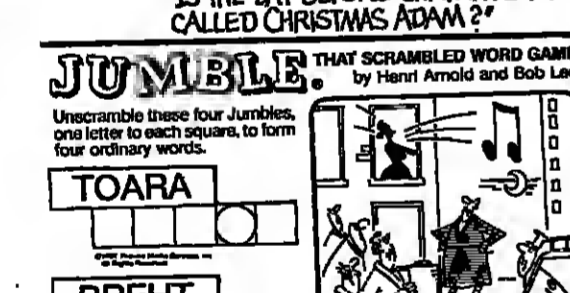
30 YEARS AGO. Bank News

Wednesday's AMEX Closing. Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

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ACROSS
1 Chilling story
4 Dryden's 'savage'
9 Bar chaser
13 Qualified
15 City that grew...



World Stock Markets
Via Agence France Presse Closing prices in local currencies, Dec. 23
Amsterdam, London, Frankfurt, Zurich, etc.

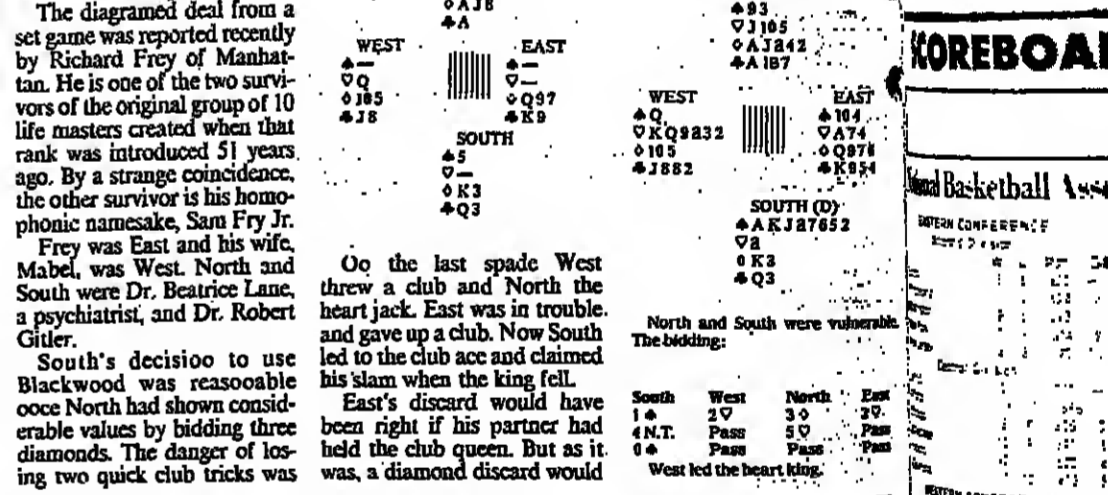
BOOKS
SECRETS OF THE TEMPLE: How the Federal Reserve Runs the Country
By William Greider. 766 pages. \$24.95.

ECONOMICS is still the dismal science for most educated Americans. It remains so despite the guys-and-dolls jargon of the risk-money side of the profession...

Americans certainly deserve to know how all of the machinery of their government really works. Greider has done a superb job of clarifying the basic economic equations of monetary and fiscal policy.

Earl W. Foell, editor and columnist of the Christian Science Monitor, wrote this review for the Los Angeles Times.

BRIDGE
By Alan Truscott
A rare event in clubs but a common one in domestic bridge is the 'set game'...



World Stock Markets (continued)
Toronto, Zurich, Sydney, etc.

THURSDAY'S FORECAST - CHAINLINK, slightly rough. FRANKFURT: High clearing later. Temp. 2-12 (14-22). LONDON: Rain. Temp. 7-14 (48-57). PARIS: High clearing later. Temp. 6-11 (43-52). ZURICH: High clearing later. Temp. 5-15 (41-59). BANGKOK: High clearing later. Temp. 27-34 (81-93). HONG KONG: Fair. Temp. 21-28 (70-82). SINGAPORE: Fair. Temp. 25-31 (77-88). TOKYO: Mild. Temp. 15-21 (59-70).

SPORTS

Soviet Hockey Team May Be on Thin Ice

By Philip Taubman
MOSCOW — Muscovites who came to Luzhnik Arena in recent days expecting to savor the power and perfection of the Soviet hockey team returned home wondering if they had instead witnessed the demise of a dynasty.

After losing to Canada, tying Finland and defeating West Germany and Czechoslovakia, the Soviet squad salvaged a silver medal in the Izvestia tournament by defeating Sweden Tuesday, 4-1. Canada had secured the gold medal earlier in the day by overpowering Finland by the same margin.

The silver medal offered little solace for a once powerful team that is clearly struggling to regain its old form in the dwindling days before the Olympic Games open in Calgary in February.

After more than two decades of dominating world amateur hockey — including first-place finishes in 18 of the last 23 world championships and 6 of the last 8 Olympic Games — the Soviet national team seems mortal.

Earlier this year it placed second in the world championships in Vienna and dropped two of three games in the Canada Cup to an all-star Canadian team that included some of the best players in the National Hockey League.

"We have discovered some shortcomings," Viktor V. Tikhonov, the Soviet coach, said at a news conference Saturday.

Ken Dryden, the former Montreal Canadian goaltender, watched the Soviet team over the weekend and concluded, "They're still the favorites for the Olympics, but they're more vulnerable than they have been for some time."

Vyacheslav I. Kolosov, who took over direction of the Soviet hockey program in August, said Tuesday that the program, and the national team, have problems.

There is a need for restructuring in hockey," he said. "Prestozhka, or restructuring, is the word used by Mikhail S. Gorbachev, the Soviet leader, for his efforts to reorganize the economy and galvanize society."

The team's problems were abundantly evident during the tournament. Where the Soviet team once dominated play with a combination of conditioning, speed and finesse, backed up by superb goaltending, the current squad seemed only marginally better than its rivals.

Its stickhandling and passing were often careless, leading to several breakaway goals by opponents; the goaltending was porous and the team and its coach sometimes seemed unable to adjust to the swarming defenses of other teams used to slow the pace of play.

Vladislav Tretiak, the goalie who anchored the Soviet team for years, retired in 1984 and an equivalent replacement has not been found.

There was also a clear absence of depth, with the best Soviet line — right wing Sergei Makarov, center Igor Larionov and left wing Vladimir Krutov — seeing more ice time than other players.

Late in the third period against Canada, with the Soviets trailing, 3-2, defenseman Vyacheslav Fetisov, considered one of the world's premier players, looked exhausted.

At a crucial moment, with the Soviet players on the attack in the Canadian zone, he mis-handled the puck; it slipped over the blue line, forcing his teammates to regroup.

"The rest of the world is catching up with them in conditioning, speed, and skating skills," Dryden said, "but the Russians aren't making the necessary adjustments."

Accustomed to the nearly flawless performances of previous squads, Soviet fans showed little patience for the sloppy play against Canada Saturday. The shrillness and volume of derisive whistling increased as the game progressed, culminating in an ear-shattering whine as the Russians departed the ice at the end of the game.

But aside from the weakness in goal, which he acknowledged was a serious, long-term problem, Tikhonov suggested another month of training would produce the kind of hockey machine Moscow has consistently displayed

find an open man went on so long no one took a shot on goal.
Guy Sharron, a Canadian coach, said Tuesday: "The Soviets are highly skilled at skating, passing and shooting, but to do those things effectively they must have space. If you can limit their open ice, you can be successful."

Dryden called the Canadian tactic the hockey equivalent of the "rope-a-dope" strategy that Muhammad Ali successfully used against George Foreman in their 1974 heavyweight title fight. Ali, going into a defensive posture in the early rounds, absorbed Foreman's best punches, leaving his opponent exhausted and vulnerable.

Both tired and disoriented in Saturday's final period, the Russians seemed incapable of doing anything but racing blindly into the Canadian defense.

It is not just game tactics that show signs of being outdated.
The Soviet hockey system that Kolosov wants to reform, like the economic structure that Gorbachev is trying to dismantle, was constructed for another era, when the goal was building a competitive team — or industrial society — as rapidly as possible.

The Soviet emphasis on a strict training regimen and tight discipline is proving difficult to sustain in an era of increased freedoms and openness, particularly among young people.

Larionov, the most outspoken member of the team, expressed his doubts in an interview published in a recent issue of Futbol-Khokkey, a soccer and hockey weekly.

"I am tired of the endless training regimen," he said, complaining that he was forced to live apart from his wife and daughter 11 months a year.

Unlike other national teams, including most from Eastern Europe, the Soviet players are restricted during travel abroad, required to eat all their meals together and watched closely by team and security officials.

Another problem is the domination of hockey within the Soviet Union by the Central Army team, which forms the nucleus for the national team, depriving the best players of testing competition most of the year.

Coached by Tikhonov, the club has until recently been able to recruit the best players from other teams by inducing them into the army.

This talent drain has so crippled other teams in the internal 12-team league that the army squad has won 11 consecutive national championships by lopsided margins.

"I lost interest in national cup games five years ago," Larionov said in the published interview.

Fans lost interest too, forcing the sports authorities to move the national tournament from the indoor Olympic Stadium, which holds 40,000, back to the Luzhnik Arena, which holds about 10,000. Even promotional gimmicks like raffling off a new car during games failed to draw fans.

Kolosov said this imbalance must be changed, and he has instituted a new rule that gives the sports committee the right to disapprove the transfer of players to the army team.

"I have a mandate to make changes to improve the system," Kolosov said. "Otherwise I wouldn't have taken this job. Perestroika in hockey is going to take a long time — there's a lot that has to be done."

But not so much that he has lost hope for Calgary. "This team can play much better," he said. "And it will in the Olympics."



Coach Viktor V. Tikhonov: "We have discovered some shortcomings."

since it entered international competition in 1954.

The view among hockey specialists, including a number of opposition coaches and Soviet experts, is not so sanguine.

Although the line of Makarov, Larionov and Krutov is considered the equal of any, including the best in the NHL, the team lacks a second or third unit with equivalent scoring punch.

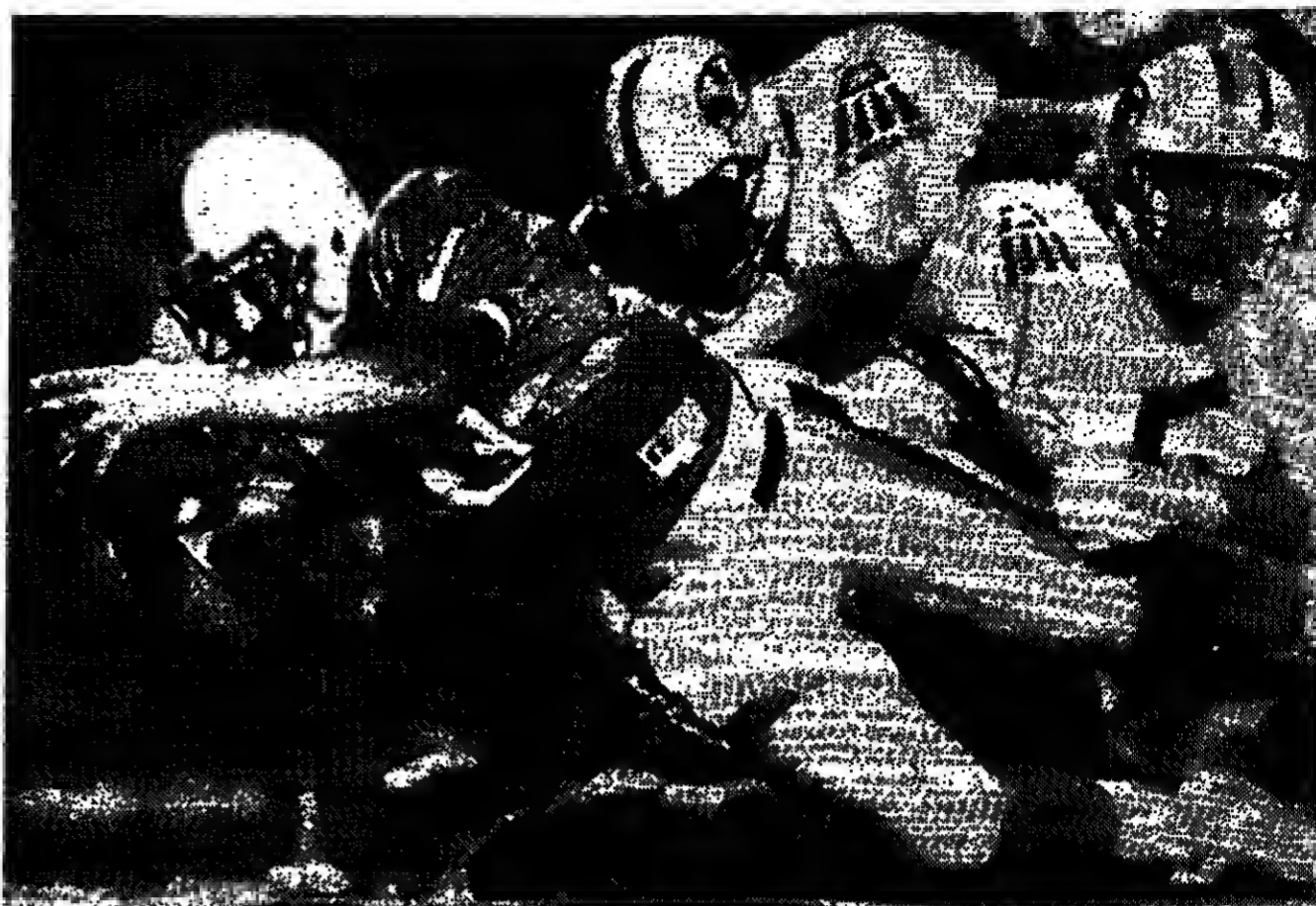
"Ten years ago we could throw two or three powerful lines on the ice, so the offensive pressure never stopped," said one Soviet hockey writer.

The lack of flexibility Dryden noted is another factor that seems unlikely to change overnight, unless Tikhonov is replaced. Kolosov, his boss, denied any change is imminent, saying, "I am satisfied with the coaching."

The rigidity of Tikhonov's offensive philosophy was exploited by the Canadians, who concentrated on clogging open areas of the ice, particularly in the neutral zone between the blue lines, where the Russians usually form their attack.

Playing a basically defensive game, with four players banging back along their blue line to thwart attacks, the Canadians kept the Russians off balance.

The Soviet players reacted by forcing their game, making mistakes as they tried to break past defenders or pulling back into a textbook passing offense in which the effort to



Quarterback Scott Secules of Virginia, who was voted the game's most valuable player, diving for a first-period touchdown.

Virginia, Undefeated in Bowl Games, Downs BYU

BIRMINGHAM, Alabama — With only two bowl-game appearances in 99 years of football, the University of Virginia is still in its post-season apprenticeship, but has yet to taste defeat.

BYU failed on two late possessions. On the first, Virginia stopped Covey for no gain on fourth-and-one; on the other, Covey threw four straight incomplete passes.

Scott made the crucial tackle with 3:50 left, when Covey failed on the fourth-and-one at the BYU 46. Scott stopped him on a rollout.

"I came in with a bowl win and I'm going out with one," said senior defensive end Sean Scott after the Cavaliers beat bowl-seasoned Brigham Young, 22-16, in Tuesday night's All-American Bowl.

BYU made it 14-9 in the third period when Fred Whittingham, the Cougars' leading runner, scored on an 8-yard burst. The teams traded touchdowns in the final period.

The loss was the third straight in postseason play for BYU, which last won in 1984 when it beat Michigan, 24-17, in the Holiday Bowl and emerged as the national champion. The Cougars are 4-8 in bowl play.

Quarterback Scott Secules passed for 162 yards and Kevin Morgan and Marcus Wilson ran for 62 and 77 yards, respectively, as Virginia finished the year 8-4. The Cavaliers, runners-up in the Atlantic Coast Conference, won despite a 394-yard passing show by Sean Covey of the 9-4 Cougars, second in the Western Athletic Conference.

David Miles caught 10 of Covey's passes for 188 yards, including a 50-yard reception that led to the game's first score, a 20-yard field goal by Leonard Chitty.

Essen, West Germany — Jürgen Hingsen, the silver-medal decathlete at the 1984 Los Angeles Olympics, is under investigation for suspected purchases of cocaine, a prosecutor said Wednesday.

But Virginia countered with two touchdowns, on runs of 2 yards by Secules and 25 by Morgan, to take a 14-3 halftime lead. "We came in trying to establish the run and we did a good job on the ground," said Secules, who was voted the game's most valuable player, of Virginia's 187 rushing yards.

Essen prosecutor Hermann-Jürgen Kerl said authorities have opened an investigation against Hingsen and Rolf Milser, an Olympic weightlifting champion.

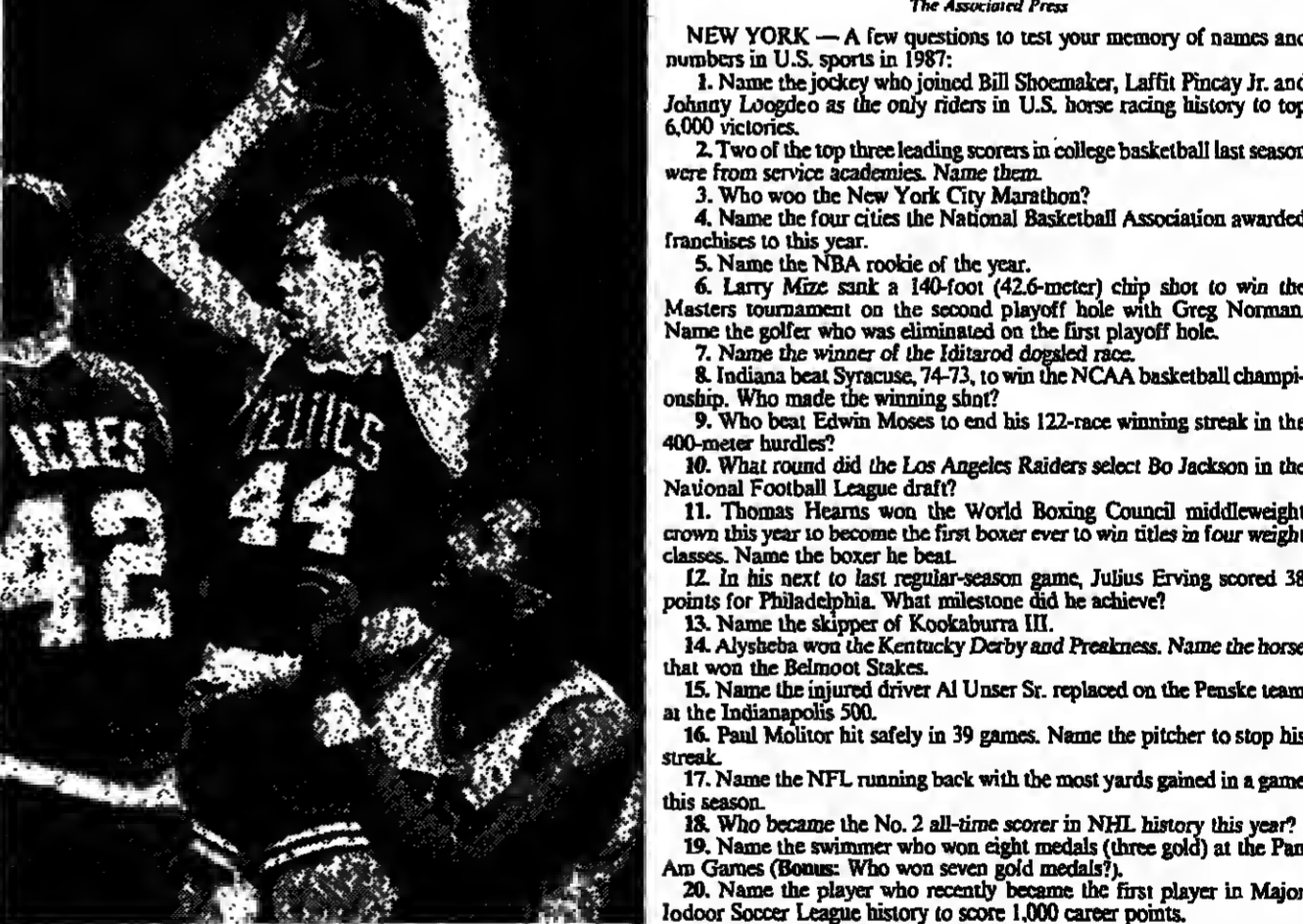
Wednesday that Hingsen and Milser were named as cocaine buyers by several people who were interrogated by police following the arrest of the two suspected smugglers, an Italian and a West German.

Hingsen a Target in Cocaine Probe

Kerl said Hingsen and Milser are suspected of buying cocaine on several occasions from two suspected drug smugglers arrested in Essen in July. "They are being investigated as part of a larger probe in connection with the two arrests," Kerl said. "There have been statements that have to be checked."

Hingsen is one of West Germany's most popular and successful athletes. The mass-circulation newspaper Bild reported last week.

Names, Numbers: Trivia '87



Danny Aigne, above pulling down a rebound, hit three three-point baskets to key a rally from a 10-point third-quarter deficit, and Larry Bird's 25-foot three-pointer with 1:17 remaining to play gave Boston the lead for good as the Celtics downed the 76ers, 118-115, Tuesday night. In all, Boston made six of nine three-pointers, with Aigne canning four. The Celtics, who have won four straight (two against the 76ers), started a six-game road trip with their first victory in Philadelphia since November 1985.

NEW YORK — A few questions to test your memory of names and numbers in U.S. sports in 1987:
1. Name the jockey who joined Bill Shoemaker, Laffit Pincay Jr. and Johnny Longo as the only riders in U.S. horse racing history to top 6,000 victories.

SCOREBOARD

Basketball

National Basketball Association Standings

Table with columns for Eastern Conference (Atlantic and Central Divisions) and Western Conference (Midwest and Pacific Divisions). Includes team names, wins, losses, and percentages.

U.S. College Results

Table listing college basketball results for various conferences including Ivy, Big East, Big Ten, Big 12, SEC, and others. Includes team names and scores.

Hockey

NHL Standings

Table showing NHL standings for the Wales Conference (Patrick and Adams Divisions) and the Campbell Conference (Maritz and Smythe Divisions).

National Hockey League Leaders

Table listing NHL leaders for goals, assists, points, and other statistics.

Transition

Table listing NHL transition players and their statistics.

ESORTS & GUIDES INTERNATIONAL CLASSIFIED (Continued from Back Page). Includes listings for various travel and escort services.

ART BUCHWALD

Gifts for Gift Makers

WASHINGTON — New "Cost of Living Guidelines" have just come out as to how a family of four should spend its income.



Buchwald

The head of the household is advised to allocate 25 percent for housing, 25 percent for food and 50 percent for Christmas.

Neil Morgan, an economics professor at the Black Monday School of Economics, came up with the new figures after studying 8,000 homes throughout the United States.

"The thing I discovered was that although many families are following the formula, there are still many who cheat and spend more on groceries than on the holidays."

"Did you find out why?" I asked him. "Their answers in most cases were unsatisfactory. One breadwinner told me it was traditional in his family to spend more on food-stuffs than Christmas and old habits are hard to change."

Another said he would rather buy oil for the furnace than a Cabbage Patch doll that says, "So's your old man."

"It sounds like they have bad attitudes." "They do. The 50 percent allocation for Christmas doesn't come out of the sky. It was carefully calculated so the family would not be caught short on presents during what we economists consider the most festive time of the year."

"Once again it boils down to greed and selfishness. In my interviews I found hundreds of people who said they would rather have a house that doesn't leak than a pool table."

"How could they defend that position?" "They insisted giving gifts is a bottomless pit. They wouldn't buy my economic theory that exchanging presents at the holiday season is not a luxury but a necessity."

Every dollar invested in Christmas will bring you back two dollars worth of good will in return. It is a bribe we all pay for peace and security whether it be for our children, grandchildren, mothers-in-law or the postman who never rings twice."

"Have you thought about increasing the slice of the pie to 60 percent instead of 50?" "It would be ideal to lower housing and food spending to 30 percent and raise the holiday giving to 70 percent of one's salary. But this might not go down well with the grocery and housing people."

"That's because they don't believe in Christmas." "The malcontents who want to reduce gift expenditures have their priorities all mixed up. They would rather eat bread pudding than invest in electric trains. They don't give a fig if the children are happy or not."

"If a family were to adhere to your salary breakdown figures, would they get by?" "Indeed. They should be able to meet all their needs and still have enough left over to play 'My Old Kentucky Home' on their own synthesizer."

Professor Morgan said while he hopes people will abide by his formula, the percentages are out buried in cement. "There are some families who prefer to spend all their money on Christmas and ignore eating altogether, and others who would opt for sleigh bells in the snow instead of replacing storm windows."

"Should the ones who don't buy gifts at Christmas time be penalized?" "Not necessarily. But they must be aware that every time they take someone off their list a teddy bear manufacturer in Hong Kong dies."

A New Image of Stephen Crane

By Herbert Mitgang

New York Times Service

NEW YORK — A markedly altered image of Stephen Crane that changes the familiar view of him as a dashing war correspondent appears in a new edition of his correspondence.

The work adds 170 newly discovered letters by Crane and 20 by his wife, Cora, to the standard edition of his letters that came out three decades ago.

"In the past, Crane was regarded as a young American writer with only one good book to his credit, 'The Red Badge of Courage,' who was scorned by his countrymen and had to flee to England to gain recognition," said Professor Stanley Wertheim, who is co-editor with Professor Paul Sorrentino of the two-volume "Correspondence of Stephen Crane." It is to be published by Columbia University Press in March.

"The letters remove some of the covered-up facts about his life and character that were created by biographers in the past," Wertheim said. "The personality found in the new material is less heroic than the one propagated by his apologists. Crane was not a neglected genius overlooked by the philistine public. He was often duplicitous, evasive and manipulative with people who loved him as well as with his publishers."

Crane was an enormously hard worker, but he was willing — especially after he settled on an estate in England with servants and a wine merchant to pay — to labor at hark work to support his extravagant way of life.

Wertheim, who teaches at William Paterson College of New Jersey in Wayne, New Jersey, and Sorrentino, of Virginia Polytechnic Institute and State University in Blacksburg, Virginia, believe that certain missing letters — especially those between Crane and his common-law wife, Cora Taylor, the one-time hostess of a bordello named the Hotel de Dream in Jacksonville, Florida, where they met — may still turn up.

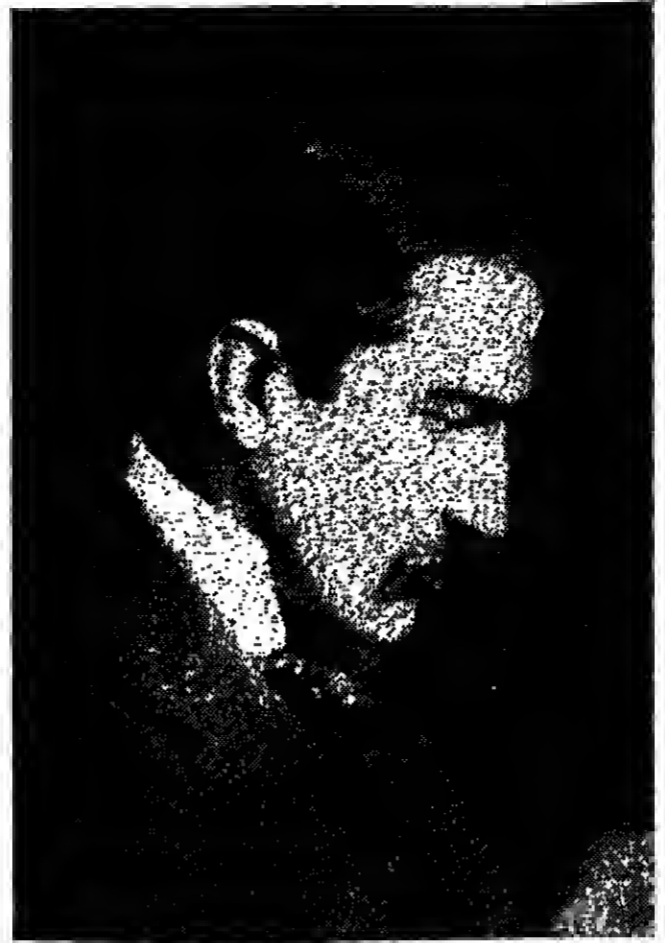
In his personal collection, Wertheim has a photograph of Crane in a reated war correspondent's uniform, complete with holster, sitting on papier-mâché rocks. "I wasn't taken on a boatfield but in the studio of C. Boehring in Athens in May 1897," Wertheim said. "The inscription is to Sam S. Chamberlain, managing editor of The New York Journal, who sent Crane to Greece to cover the Greco-Turkish War."

While acknowledging Crane's genius, the editors show a certain ambivalence on a question long posed by scholars: how might Crane have developed had he not died of tuberculosis at age 28? Would he have written short stories of the caliber of "The Open Boat" and "The Blue Hotel" — or would he have thrown away his gifts in pursuit of money?

"It's hard to predict," Wertheim said. "The letters reveal that Crane was a flamboyant personality who was both reclusive and mercurial, retaining his inner identity while projecting varied images of himself. He was alternately egotistic and generous, ethical and dishonest, rebellious and overly concerned about his reputation."

In his personal life — between journalistic assignments — Crane managed to juggle several love affairs simultaneously. While wooing Cora Taylor, he wrote fervent love letters to Amy Leslie, an actress who later became drama critic of The Chicago Daily News.

Crane covered his tracks in these affairs. In a letter to Leslie, addressed, "My own Sweet-



A less heroic, often duplicitous, manipulative Crane.

heart," he informed her that he was going off to the war in Cuba and said: "It breaks my heart to think of the delays and to think that I might have had you with me here if I had only known. . . . I know you won't forget me. I know you love me and I want you always to remember that I love you." The letter, signed "Your lover," deliberately omitted his name.

Surprisingly, one letter discloses that the author of the anti-war "Red Badge of Courage" wanted military honors for himself. In an 1897 letter to his brother, William, from a hotel in Athens, Crane said: "I expect to get a position on the staff of the crown prince. Won't that be great? I am so happy over it I can hardly breathe. I shall try — I shall try like blazes to get a decoration out of the thing but that depends on good fortune and is between you and I and God."

Wertheim commented: "It seems paradoxical that a writer who had exposed the futility of war and expressed an extremely cynical attitude toward heroism should just for a decoration, but Crane's vainglorious boasts must be evaluated in the perspective of his guilt feelings over his youthful bohemianism and his desire to ingratiate himself with William, who was 17 years his senior."

To keep up with his high living on his estate in Surrey, Crane turned out stories without letup, not unlike what F. Scott Fitzgerald did when he was grinding out short pieces for The Saturday Evening Post in the 1920s. To John Phillips, a partner in the S.S. McClure Syndicate, Crane wrote a letter in 1897, wondering: "What on earth have you done with 'The Monster'?"

"This was a story about a black handyman who worked for a doctor in New Jersey," Wertheim explained. "It showed Crane's great sympathy for people who were different — blacks, the disabled, eccentric and unusual — maybe like Crane himself." Wertheim considers "The Monster" one of Crane's best stories. Crane wrote, "For heaven's sake, give the story a chance."

Crane covered his tracks in these affairs. In a letter to Leslie, addressed, "My own Sweet-

PEOPLE

A Kafka Comeback?

A Czech cultural weekly has printed an unusually long article on Franz Kafka, whose works are highly acclaimed in the West but have been disparaged and barely acknowledged in his native Prague. The one-and-a-half-page article on Kafka's last completed novel "The Castle" in the weekly Tvorba opened with a plea to reassess long ignored Czech and foreign literature. (Kafka wrote in German.) Kveta Hryskova said the literary periodical Nove Knihy (New Books) should have a regular column "for those works of Czech or world literature which for this or that reason have disappeared beyond the horizon, leaving an empty space or, even worse, an inadequate and sometimes considerably distorted image."

Hryskova's article, entitled "Newly Rediscovered Books," was accompanied by a poem about Kafka's death in a sanitarium near Vienna in 1924 and a lithograph of the author, born in Prague in 1883.

The Italian government on Wednesday cleared the way for Maria José, widow of the last king of Italy, to return to the country after a 41-year exile imposed by the constitution. Prime Minister Giovanni Goria's Cabinet approved a recommendation made earlier this month by a special court to lift the constitutional ban on the entry of the 81-year-old former queen of the House of Savoy. The Belgian-born Maria José, who lives in Switzerland, made a request last year to return to Italy. Her husband, Umberto II, died in exile four years ago. Umberto reigned for 26 days before being forced into exile in 1946 after a referendum abolished the monarchy.

A junk dealer handed out cigarette lighters and a mushroom picker's luck in Spain's El Gordo, the world's richest lottery. In a 224-year-old rite that vies with Santa Claus in popularity, Tuesday's Christmas lottery showered 10,419 prizes worth \$750 million on ticket holders across Spain. Although there are bigger single prizes in other lotteries, Spain's Christmas draw is the world's richest in total winnings. "I don't know how much I won but there is certain to be food

on the table tonight," said Maximo Gutierrez, a mushroom picker, as he drank champagne with fellow winners. Many of the big winners came from the Mediterranean city of Alicante. Alicante's biggest single winners were a 24-year-old seer of Alicante, Belen Carretero, and her fiancé, who won \$1.8 million. In Madrid, the junk dealer, Mamel del Peral, pressed cigarette lighters on passers-by to celebrate his winnings of \$21,800. A newspaper earnings Tuesday poked fun at Spain's unshakable faith in the draw, suggesting that only 11 percent of those who believe in miracles but Spaniards believe in miracles but 99 percent of them believe they'll win the Christmas lottery.

Jean Harris, the killer of Dr. Herman Tarnower, the Scarsdale Diet author, says she is keeping up her spirits in prison by working on a second book. Harris, 63, told the Stamford Advocate in Connecticut that her nearly completed book is titled "They Always Call Us Ladies: Stories from Prison." The book is a history of the prison in Bedford Hills, New York, since its founding as a women's reformatory in 1901 and also contains anecdotes about current inmates. Harris said it is scheduled for publication in June by Charles Scribner's Sons. Her first book, "Stranger in Two Worlds," was autobiographical. Harris is serving a 15-year-to-life sentence for shooting Tarnower to death in his home on March 10, 1980. She has maintained the shot him while trying to kill herself.

The 1988 Wolf Foundation prize in medicine will be awarded to an American and a Belgian doctor for their discoveries in the field of genetic diseases. The \$100,000 prize will be shared by Elizabeth F. Neufeld of the University of California at Los Angeles and Henri-Gery Hers of the Catholic University of Louvain in Brussels, the foundation said. The French-born Neufeld, 49, was honored for her work on genetic storage diseases, including the study of enzymatic defects. She is a professor of biochemistry at the UCLA School of Medicine in Los Angeles and is the third woman to win the prize. Hers, 64, of Brussels, discovered the first genetic storage disease. President Chaim Herzog of Israel will present the prizes in May.

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